

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

**PREPARED FOR: Minister Shirley Bond
FOR INFORMATION**

ISSUE:

Revenue sharing formula for local governments that host gaming facilities

BACKGROUND:

- In June 1999, the Province and the Union of B.C. Municipalities (UBCM) signed a Memorandum of Agreement (MOA), which outlined how casino gaming revenues would be shared with local governments that host gaming facilities.
- Revenue sharing agreements are set out in signed contracts between the Province and host local governments/First Nations.
- Host local governments can use this revenue for any purpose of benefit to the local community. They are required to report annually to the Province regarding the expenditure of these funds.
- Under these contracts, there are two revenue sharing models:
 - Community casino model - host local governments receive 10 per cent of the net casino gaming revenue from any community casinos and/or community gaming centres within their jurisdiction.
 - Destination casino model - host local governments receive one-sixth of net casino gaming revenue from destination casinos within their jurisdiction.
- In 2007/08, negotiations with two (of three) local governments hosting destination casinos resulted those municipalities adopting the community casino revenue sharing model (10 per cent), in exchange for increased funding for infrastructure projects supporting those casinos.
- Similar discussions have been underway with the third community, the Ktunaxa Tribal Council, regarding Casino of the Rockies (Cranbrook), which still operates under the destination casino revenue sharing model.
- In only one instance has a local government agreed to share casino revenues with neighbouring communities. Prior to the View Royal casino opening in 2002, the City of View Royal signed a revenue sharing agreement with Langford, Colwood, Metchosin, Esquimalt, Sooke and the Highlands. The Province is not a signatory to that agreement.
- That agreement, which is based on regional population, provides for the following distribution of net revenue: View Royal receives the host local government casino revenue and retains 40%. View Royal then distributes the remaining funds based on the following formula: Langford 36.09%; Colwood 19.90%; Metchosin 6.14%; Esquimalt 21.13%; Sooke 14.09%; and Highlands 2.65%.

DISCUSSION:

- In order for his municipality to access gaming revenues, Port Coquitlam Mayor Greg Moore wishes to discuss s.16
the possibility of receiving a portion of revenue generated by the Boulevard Casino in Coquitlam.
- Under the *Gaming Control Act*, decisions regarding the location of gaming facilities in British Columbia are solely the responsibility of the B.C. Lottery Corporation, which uses market-based analyses to make those decisions.
- s.16
- Mayor Moore is also suggesting that Port Coquitlam receive a percentage gaming revenue currently going to the City of Coquitlam, based on the assumption that a percentage of Boulevard's earnings are coming from Port Coquitlam residents.
- The issue of revenue sharing amongst municipalities adjacent to host local governments has been raised from time to time over the last decade.
- The ministry's position has been that the MOA with UBCM is still in effect, as are revenue sharing contracts that have been signed with 32 local governments and First Nations across the province.
- Revisiting the revenue sharing model would be a significant and complex undertaking. It is a potentially divisive issue, and it is expected that reaching consensus among municipalities would be a challenge.

Prepared by:

Sue Birge
Executive Director, Policy
Gaming Policy and Enforcement Branch
250 881-2206

Approved by:

Douglas S. Scott
ADM
Gaming Policy and Enforcement Branch
250 508-7802

Attachment(s)