

CANNABIS RETAILER SOCIAL RESPONSIBILITY FEE AND WHOLESALE MARKUPS

The social responsibility fee (SRF) is a regulatory fee to be paid by all provincially-licensed cannabis retailers to ensure they share in the social responsibility costs of cannabis legalization. The SRF will be applied to total annual revenues from the sale of recreational cannabis.

The SRF rate will be set at six per cent of revenues from recreational cannabis sales in a calendar year, starting in 2019.

The SRF will be payable to the province within six months of the end of the calendar year in which the revenues were generated. The first payment of the SRF will be due by June 30, 2020, to help licensed retailers keep prices low as they enter the market.

Manitoba Growth, Enterprise and Trade will be responsible for implementing the SRF under provincial retailer agreements. The SRF will be payable to the Manitoba government. A retailer that does not pay the SRF risks losing their provincial retailer license.

The SRF will ensure Manitoba is meeting its goals of ensuring the safe and responsible legalization of recreational cannabis in the province, in particular to keep cannabis away from vulnerable populations and to eliminate the illegal market.

The revenues generated by the SRF will help fund the social costs of public education, safety, health and addictions associated with the legalization of cannabis.

Effective upon legalization in 2018, Manitoba Liquor and Lotteries will apply wholesale markups on recreational cannabis at the distributor level. The markups will be \$0.75 per gram on recreational cannabis, plus an additional nine per cent.