

CERTIFIED RESOLUTION

This is to certify that Council of the City of Port Moody at the Regular Council meeting held February 25, 2025 carried the following resolution:

11.2 UBCM Advocacy - Equitable Distribution of Non-Casino Gaming Revenue

THAT the memo dated February 25, 2025 from the office of Councillor Agtarap regarding advocacy for more equitable distribution of gaming revenue be received for information;


AND THAT Council advance the following resolution to LMLGA and UBCM for the 2025 convention:

WHEREAS the City of Port Moody advocated for more equitable distribution of gaming revenues, and was subsequently asked by the Minister of Public Safety and Solicitor General to provide viable options for the Ministry's review and consideration to remedy significant funding inequities created by revenue sharing agreements with local governments hosting casinos;

AND WHEREAS more broadly and equitably sharing gaming revenue, excluding revenue allocated to casino host communities, with municipalities will reduce the financial inequity that has been inadvertently created by providing significant revenue windfalls to host municipalities and support non-host communities in enhancing the livability of their communities across the province:

THEREFORE BE IT RESOLVED that UBCM request that the Province amend gaming revenue distribution policies, excluding existing agreements to communities that host casinos, to include advancing equity in the allocation of gaming revenues;

AND BE IT FURTHER RESOLVED that the Province establish a working group with interested communities to discuss gaming revenue sharing and equity policy changes.



Stephanie Lam
City Clerk & Manager of Legislative Services

Dated at Port Moody, BC this 27th day of February, 2025.

Background for Equitable Distribution of Gaming Revenue Resolution

In the 90s, the Province was looking to broaden its revenue base and explored the benefits of collecting a share of revenues generated from commercial gambling. To be successful, the Province needed to engage municipal partners to enact the applicable zoning and permitting to host the casinos.

However, local governments were hesitant to embrace the operation of casinos within their communities due to a perceived range of social issues associated with gambling and the impacts on individuals and families including habitual gambling or addiction, unmanageable personal debt, and the potential for a profusion of related criminal activity. In order to make it more attractive to the host municipalities, the Province provided revenue sharing as an incentive and a source of funding to deal with any resulting social or criminal impacts.

The original funding generated was relatively lower in the initial startup stages in comparison to today but has grown exponentially commensurate with the growth of the industry and relaxation of the legislation, with very little identifiable costs materializing from perceived social and criminal impacts. In 2008, the Province responded to UBCM Resolution B119 with:

*“The current revenue sharing being undertaken with local governments hosting casino gaming was originally established to help those communities offset the infrastructure, social service and other costs related to hosting a gaming venue. By all accounts, **most communities have experienced minimal, if any, negative financial consequences as a result of hosting such a facility and are using the revenue they receive for other, locally determined priorities.**”*

The host communities have used this significant source of funding to supplement their budgets (mostly capital) providing many amenities and benefits to their residents. Neighbouring communities, without this additional source of revenue, are finding it increasingly difficult to provide their residents similar amenities, creating a service and/or amenity inequity across the region that the casinos serve, but all residents financially support.

Residents from one community look across the fence to their neighbours and want the same services and amenities that their neighbours are being provided. Essentially, the current casino revenue sharing model is contributing significantly to creating the “haves and the have nots”. Municipalities operate collaboratively within regional districts, sharing the collection (e.g., school tax) or pooling revenues (e.g., federal gas tax) to fund collective regional or provincial needs. For example, municipalities collectively police and in turn share traffic fine revenues accordingly based on a pro rata formula that considers the amount of funds expended on policing, not on a basis of where the traffic fine revenues are generated, or which municipality generates them.

Casino revenues follow a different model and are allocated disproportionately and only to host municipalities without any regard to the collective regional costs or needs. In addition, while the approval of a casino licence by the host community was provided for in the licencing process, the surrounding communities were not asked for their approval or invited to share in

the revenues. This seems inconsistent and contrary to the reasons provided why incentives were offered as the surrounding municipalities would have the same social and criminal impacts or exposures as the host community. **The only exception was the View Royal (circa 2001) casino licence which went through an approval process that included the surrounding local governments, resulting in revenues being shared regionally.**

Inequities Created

The funding inequity has been raised by non-host communities in the past (Port Coquitlam, 2008 UBCM Resolution B119) as they grappled with providing the same quality of life as neighbouring host communities. This issue of an uneven playing field is being raised again as it is further compounded today given the tough economic climate with residents looking evermore to their councils for financial relief and to “do more with less”.

Casino revenues allow host communities to reduce the infrastructure gaps (tangible capital assets) that all communities are facing, provide more grants or financial support to community groups, and sometimes supplement operating budgets that provide unfair competitive advantages (recruitment, retention, benefits, training), and helps address affordability. While historically residents from one municipality could access amenities in other areas (reciprocity), recently many municipalities have adopted a “residents first” approach to services that places a registration restriction on non-residents for a certain period to allow residents first opportunity; this further exacerbates the inequities of the “have not” communities situation.

For context, the City made the point in the Debrief above that the City hosts a hospital within its borders, a 26 acre parcel that provides no revenue source to the City as it generates no revenues to share in, and is statutorily exempt from taxation under Section 220 of the *Community Charter*. As result of the exemption, the City essentially contributes or foregoes approximately \$800,000 of tax revenues on a \$171,000,000 property as its contribution to providing this regional hospital facility; something it gladly does and supports. However, when these types of decisions around land use are inconsistent with other land uses the province controls revenues over (i.e., casinos), it is hard to reconcile the inequity, or disregard the irony, of these policies. We note that casinos pay property taxes to host communities in addition to a share of casino revenues.

Suggested Solutions

While inequities have been created by the Province, we appreciate that it was not the intent or originally contemplated when these agreements were drafted. We also understand that the Province would like to see the playing field leveled in this case if at all possible. Therein lies the dilemma and the challenge; how to give to some while not taking significantly from others. At the City’s meeting with the Province on September 26, 2023, Minister Farnworth asked the City to prepare a short response that proposed options for the Province to consider to remedy the situation. Obviously, the Province cannot approve a casino in every municipality as it would not only increase fixed costs but also essentially “cannibalize” revenues for other host municipalities.

Therefore, how can all municipalities share equitably in the gambling revenue pie? Strategies or policies to address this into the future should recognize that all municipalities have funding challenges, have very limited revenue opportunities under the *Community and Vancouver Charters*, and gambling revenues and gamblers know no boundaries.

Options:

Option 1: Reallocate the Current 10% of Casino Revenues

Under the status quo model, five Metro Vancouver communities receive a greater proportion of revenue than their share of the population. Richmond is the most notable example, with 8% of the population and 27% of the revenue. Surrey and Vancouver are most disadvantaged in the status quo scenario, along with the other communities in the region that do not receive any direct gaming revenue.

Distributing the casino revenue on a per capita basis, results in approximately \$14 allocated per resident (based on 2021/22 revenue, and 2021 census population). This results in a significant decrease in funding for the five host communities that significantly benefited from the existing arrangements (Burnaby, Coquitlam, Langley, New Westminster and Richmond). For example, under per capita revenue sharing Langley would lose \$5.6 million in funding while Surrey and Vancouver would gain over \$5 million each, annually. In this scenario, Port Moody would receive approximately \$490,000 annually.

Option 2: Provide Share of eGaming Revenue to Non-Host Communities

eGaming is rapidly growing and is expected to reach \$511 million in 2023/24 with annual growth estimated between 5 – 6%¹. Sharing a portion of this revenue amongst the 15 communities that do not host casinos on a per capita basis would help to level the financial playing field. We suggest basing per capita revenues on the pooled per capita revenues of the region. For example, if Metro Vancouver's casino revenues resulted in an average of \$15 per person across the region, then eGaming revenue sharing would follow the average.

Alternatively, given that the location of eGaming participants are tracked and known, a percentage of eGaming revenue could be shared based on residents average spend. In 2022, Port Moody residents spent \$13.8 million on government-run lotteries, placing it 14th in the Metro Vancouver region based on absolute spending but 8th on a per capita-basis (\$530 per year).

Option 3: Pool All Gaming Revenue – Provide Per Capita Amount

This option is likely to be less popular with casino host communities, however, may prove to provide more revenue in the future than the status quo arrangements for some as eGaming revenues expand. We suggest that 10% of total revenue from all gaming be distributed to all municipalities/local governments on a per capita basis. This could be provided in the form of annual discretionary grants similar to the Growing Community Fund grants, which would provide a stable and certain source of funding that municipalities can rely on to finance

infrastructure and civic amenities.

Summary

While the City has presented three straight forward options for providing a share of gaming revenue to non- host communities, we recognise that Option 2 is the simplest and least confrontational to implement and likely the most politically desirable option. Metro Vancouver is used as a reference model, but under Option 2, eGaming revenue can be easily shared amongst all communities in BC without gaming facilities, without any financial impact to existing recipients of casino revenue sharing agreements.

In terms of equitable sharing of revenue, Option 3 is preferred. It is not likely that Option 1 would be supported by the five communities that disproportionately benefit from the status quo arrangement.

In summary, revenue equity and equal access to revenues is extremely important to local governments not only from a financial sustainability perspective but also from a political perspective as local governments strive to provide service levels similar to their neighbours, which can be especially sensitive and unfairly analyzed or compared in urban areas where municipal boundaries are not always understood by, or clear to, residents.