

The Corporation of the Township of Gillies Administration Report

Report # 2010/01

Date: January 11, 2010

Issue: Municipal Lottery Licensing – Part Two

Background: Council received Administration Report #2009-10 on December 14, 2009 respecting Municipal Lottery Licensing. That report presented two options with respect to issuing lottery licenses to local charities:

1. Do not issue lottery licenses. Charities within Gillies Township will not be able to conduct lotteries. Other options such as bake sales, rummage sales, car washes, etc., that do not include an element of a lottery, would be their option to fundraise.
2. Issue lottery licenses. Gaming is often an important fundraising opportunity for an organization.

As an outcome from that report, Council requested further information from the Clerk-Treasurer with respect to processes, time required to issue/review licenses and fee schedules.

It is anticipated that there would be a request for approximately 5 or 6 lottery licenses annually, from three local charities (Gillies Community Centre; Whitefish Valley School and Gillies Fire Association).

Discussion:

Neighbouring municipalities were polled as to time requirements and costs to issue lottery licenses. The clerks indicated that issuing licenses are really not that time consuming. At the onset, the most time is spent determining if a charity is eligible to hold a license, following criteria set out by the Province. This can take anywhere from a half hour to two hours, dependant on the charity submitting the required information/documentation. Once a charity has been deemed eligible, the issuance of a license and review of the final report thereafter takes about 15 minutes to a half hour, again dependant on sufficient information being submitted by the charity. As for fee schedules, most municipalities charge 3% of the prize with a minimum fee of \$3; another charges a flat rate of \$5 per license. Most of the municipalities issue licenses for their own organizations that are run by auxiliaries (community centre, fire associations, etc.)

Options:

1. Do not issue lottery licenses.
2. Issue lottery licenses and delegate the Clerk-Treasurer as Lottery Licensing Officer.
3. Issue lottery licenses and delegate another person as Lottery Licensing Officer (casual position), on the same basis as other part-time employees.

Financial Implications:

1. If no licenses are to be issued there is no direct financial impact to the township.
2. If the Clerk-Treasurer is delegated as the Lottery Licensing Officer, issuing lottery licenses will just become a part of the regular office duties, with licensing fees to help offset some costs. Issuing licenses may only take up to 10 hours per year for the first year, and less time thereafter once a charity has been deemed to be eligible.
3. Given that only 10 hours work per year is required, this may be a difficult position to attract a person to fulfill. This person would need to be paid an hourly rate, based on minimum wage, which will cost approximately \$117 per year based on 10 hours worked. If 6 lottery licenses, charged at 3% of a \$500 prize are issued, this is only \$90 revenue, resulting in a financial loss to the township.

Recommendations: Administration recommends that the Clerk-Treasurer be designated as Lottery Licensing Officer with an effective date of May 1, 2010 to begin to issue licenses, in order to allow time to prepare by-laws, fee schedules and policies.

It is also recommended that 3% of the lottery prize be set as the fee schedule with a minimum fee of \$5 which equates to no lottery licenses being issued for prizes less than \$167 (or other suitable minimum as desired by council).

Submitted by: Karen Caren, Clerk-Treasurer