ATLANTIC INSTITUTE FOR MARKET STUDIES

Policy Paper

Opening the Taps

LIBERATING CRAFT BREWERS TO GROW A NEW INDUSTRY

By Joseph Quesnel, Patrick Webber, and Ed Hollett

Halifax, Nova Scotia,

December 2018

The Atlantic Institute for Market Studies (AIMS)

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Executive Summary

Craft brewing is a burgeoning industry in Atlantic Canada, yet while the number of small breweries has expanded in the last decade, Atlantic Canadian craft brewers claim that their businesses are hampered by bad government policies. This report proposes alternatives to the policies that craft brewers in the region identify as most burdensome. The three primary policy areas reviewed in this paper are:

- the relatively high tax rates on craft beer production,[1]
- myriad restrictions on the conduct and freedom of brewers, and,
- interprovincial trade and import barriers.

The report does not argue for special treatment for craft brewers or for policy that benefits craft brewers to the detriment of large brewers. All producers have a right to a market share based on what Atlantic Canadians buy. The argument presented here is simply that it is unfair for large brewers to enjoy benefits from the current policy environment which systematically hinders small brewers. Accordingly, the paper argues for reducing taxes and fees for all manufacturers and distributors as well as arguing for more self-distribution rights for all brewers, distillers, and wineries. The goal is to ensure that all may compete fairly.

Specifically, this paper recommends:

1. Eliminate unnecessary regulations such as production threshold requirements and container sizes to allow craft brewers significantly more freedom to tailor their products to the market.
2. Reduce tax rates in Atlantic Canada. This will remove barriers to craft brewers wishing to enter the business, facilitate the growth of craft breweries, and allow craft breweries to be more competitive with those in other provinces.
3. Eliminate trade barriers between provinces for alcohol to give craft brewers in smaller provinces access to greater sales and revenue potential.

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Introduction

Over the last decade, craft brewing has seen significant growth in Atlantic Canada, particularly in New Brunswick and Nova Scotia. This growth has highlighted some of the obstacles facing craft beer producers in the region. In Nova Scotia, for example, craft beer producers themselves have begun raising public awareness of the regulations that injure their growth potential, the most overt example being an op-ed that one producer penned for the *Chronicle Herald.* In New Brunswick, several instances of craft brewers bumping up against overly restrictive regulations have become news items, along with the detrimental impact of new tax schemes. The burdens faced by New Brunswick craft brewers have even been addressed by business advocates, aware of the potential a less-restrained craft beer industry has.

Craft brewers in Atlantic Canada face several burdens. The first is relatively high taxation and levies on craft beer production when compared to many provinces and American states that have more robust craft brewing sectors. The second is the myriad regulations that hamper the establishment of a craft brewery and hinder its day-to-day operations. The third is trade restrictions on alcohol that exist between provinces, brought to public awareness by the case of New Brunswick native Gerard Comeau. While the Comeau case was not in itself related to craft beer, it highlights a significant obstacle for craft beer producers.

In each of the Atlantic Provinces, alcohol is purchased, imported, and distributed by a provincial Crown corporation: Prince Edward Island Liquor Control Commission, Newfoundland and Labrador Liquor Corporation, New Brunswick Liquor Corporation, and Nova Scotia Liquor Corporation. Alcohol is sold through a network of stores owned by the Crown corporation as well as some private retailers who are licensed to carry a limited selection of liquor and wine. Wine is sold at some grocery stores in New Brunswick and wine, beer, and spirits are available at a select number of grocery stores in Nova Scotia.

In Prince Edward Island, the commission operates retail liquor stores, as well as a central warehouse and distribution centre in Charlottetown. In Newfoundland and Labrador, the corporation operates retail stores and one distribution centre. It licenses and services over 100 agency stores—licensed private retailers—in smaller communities. Craft beer brewers may sell their product on the brewing site and at some specialty "brewtiques". Beer manufactured by larger breweries is also available in convenience stores.

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The current state of craft brewing in Atlantic Canada

In mid-2018, there were 105 craft breweries in Atlantic Canada serving a population of more than two million. This is roughly double the number of breweries in operation in 2016.[2] In individual provinces, the growth in the past two months has been dramatic. Newfoundland and Labrador has gone from three breweries to 21. In P.E.I., the number has gone from three to five, while in New Brunswick and Nova Scotia, the number of craft breweries has increased respectively by 50 per cent and 33 per cent.

The growth in breweries is not evenly distributed across the region or within provinces. Fredericton, for example, is home to half of New Brunswick's craft breweries. The city has the highest concentration of breweries, meaderies, and cideries in Atlantic Canada.[3] In Newfoundland and Labrador, some of the breweries are very small, making fewer than 300 hectolitres of beer annually. Hectolitre is a standard measure of brewing output, equivalent to 100 litres. This paper uses the definition of craft beer from the Nova Scotia Liquor Corporation Regulations which states that a microbrewery is a "small, free-standing brewery which produces less than 15,000 hectolitres … of beer per year."[4] A brewpub is a "small-capacity brewery which, unless otherwise approved by the Corporation, produces less than 2,000 hectolitres of beer per year."

Figure 1 - Craft breweries in Atlantic Canada, by province, 2018

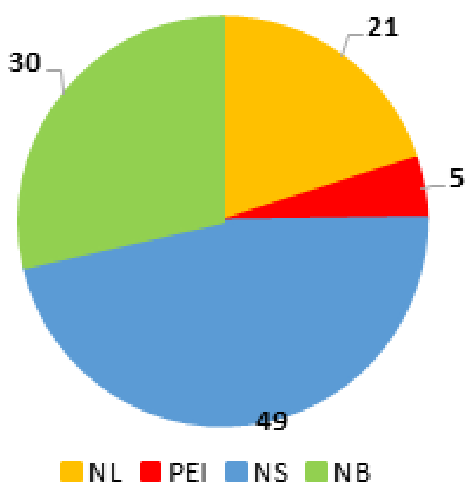

Table 1 - Interprovincial Comparison

Province	No. of craft breweries	per 100K population
P.E.I.	5[5]	5
Newfoundland	20[6]	4.2
Nova Scotia	39[7]	4.1
New Brunswick	30[8]	4
Canada (avg. per prov.)	--	3.26
Alberta	118[9]	2.87
B.C.	129[10]	2.68
Ontario	270[11]	2
Quebec	150[12]	1.83
Saskatchewan	15[13]	1.36
Manitoba	14[14]	1.08

Atlantic Canada has more breweries per 100,000 of population than anywhere else in Canada. Each of the four Atlantic Provinces exceeds the national average, with Prince Edward Island having the most.

Ontario has the largest number of craft breweries of any province across Canada. Quebec has the second largest number, with British Columbia in third position.

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Within Atlantic Canada, ranking by the number of craft breweries mirrors the ranking by population of the provinces. Nova Scotia has the largest number, with Prince Edward Island having the smallest. As a share of the population, though, Nova Scotia is outstripped by P.E.I. and New Brunswick and is only slightly ahead of Newfoundland and Labrador.

These data confirm the concerns expressed in media reports in 2017[15] and 2018[16] that the growth in brewing capacity had outstripped or shortly will outstrip the available market. Lloyd Chambers, organizer of a beer promotion in Fredericton, told CBC in May 2018 that "we're probably a few years away from getting to the limit where there is probably—I never say too many breweries—but at some point in the next couple of years you'll probably see it flatten out."

Over the past two years, other craft beer industry representatives have expressed other concerns. In late 2016, Jeremy White, founder of Big Spruce Brewing in Cape Breton, Nova Scotia argued in a letter to the *Chronicle Herald*[17] that provincial policies for the craft beer industry needed to change. "It amazes me to have to say it," wrote White, "but the Nova Scotian bureaucracy, our elected officials, and a myriad Prohibition-era-esque regulations are making it impossible for us to realize our full potential as a vibrant, leading edge craft beer industry." White listed 10 reasons why he felt that "Nova Scotia is getting the bum's rush when it comes to craft beer." He cited various regulations, policies, and practices that put smaller craft breweries at a disadvantage in the marketplace compared to larger conventional breweries. Many of these policy problems affect smaller craft breweries in other Atlantic provinces.

Some brewers and business leaders are concerned that provincial governments are focused on the craft beer industry only as a source of tax revenue rather than as an entrepreneurial option and potential employer. Fredericton Chamber of Commerce CEO Krista Ross, for instance, stated in July 2017 that government should be seeing the industry as an economic driver, not as a tax opportunity. The spin-off benefits are potentially large, as Ross said: "It touches so many other industries. It touches agriculture. It touches manufacturing. It touches exporting. It touches service, employment, there's just so much involved. And so much of it is right here in our region."[18]

In New Brunswick, a 2015 economic impact study that Ignite Fredericton commissioned for the province's craft brewery sector found that the industry was worth $8.3 million in annual economic activity, with a $4.9 million contribution to New Brunswick's gross domestic product (GDP), and sent $1.4 million in annual tax remittances to the government.[19]

As well, beer-related tourism may play a significant role in Atlantic Canadian craft beer activity. In 2016, 12 percent of tourists in Nova Scotia visited a craft brewery.[20]

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The emphasis on locally produced products certainly increased interest and spurred sales for local craft breweries, with their focus on small production in tightly knit communities.[21]

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The problem of taxes, markup, and levies

Craft brewers in all the Atlantic Provinces complain about how the level of taxation, markup, and other levies keep the industry from thriving. Ross noted that as "the businesses grow, the amount they pay increases. And not just the amount, not the volume, but the percentage increases. Some people might look at that and suggest it's a bit of a barrier to growth."[22]

Many brewers in New Brunswick complain about the "tiered" taxation system the New Brunswick Liquor Corporation uses. They argue it still stifles growth in the industry. New Brunswick Liquor's tiered structure operates such that the smallest breweries (making less than 499 hectolitres of product) do not pay anything on their beer at their storefront operations, but pay $0.35 per litre for keg sales, and $1.05 per litre for packaged products. Ross noted that once "a microbrewery's production reaches a specific size, 15,000 hectolitres, it falls under higher fees or taxes, and remains in that bracket even if its production slows again."

Stephen Dixon, the president of the New Brunswick Craft Alcohol Producers Association, and founder of Grimross Brewing, complained to CBC News in 2016 that New Brunswick brewers must pay the markup prices per litre on top of regular business taxes and HST.[23] He said the new tiered system increased the amount a brewer pays according to production or as the brewer becomes more successful. Dixon called this approach unfair. "There is no other industry in New Brunswick that has a penalty for growth, and that's what this is in my mind—a penalty," Dixon said.

Table 2 - Microbrewery Maximum Annual Production

Province	Annual production (hectolitres, spring 2017)
Newfoundland	9,999
Prince Edward Island	15,000
Nova Scotia	15,000
New Brunswick	15,000
Quebec	150,000
Ontario	49,999
Manitoba	75,000
Saskatchewan	20,000
Alberta	Not applicable
British Columbia	350,000

Similar policies exist in other provinces, although the thresholds may be different. Table 2 shows the rate of annual production beyond which a craft brewer is no longer considered a microbrewery for tax purposes.[24] Alberta applies a flat tax rate for all beer sold in the province. As such, the province does not have a microbrewery definition for tax purposes. Alberta does offer grants for breweries producing less than 300,000 hectolitres per year. In 2013, the provincial government eliminated a minimum production level of 500,000 litres needed to sell beer commercially in Alberta.

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Across Canada, provinces except for Alberta have a much higher threshold for microbrewery taxation than Atlantic Canada. This provides incentive for growth. A craft beer producer in Quebec, for instance, can produce 10 times more beer than can craft brewers in the three Maritime provinces before paying a higher tax rate. For a detailed account of how tax rates differ, please see Appendix A, page 19.

Figure 2 - Total provincial taxes paid on packaged beer, by production level (August 2017)

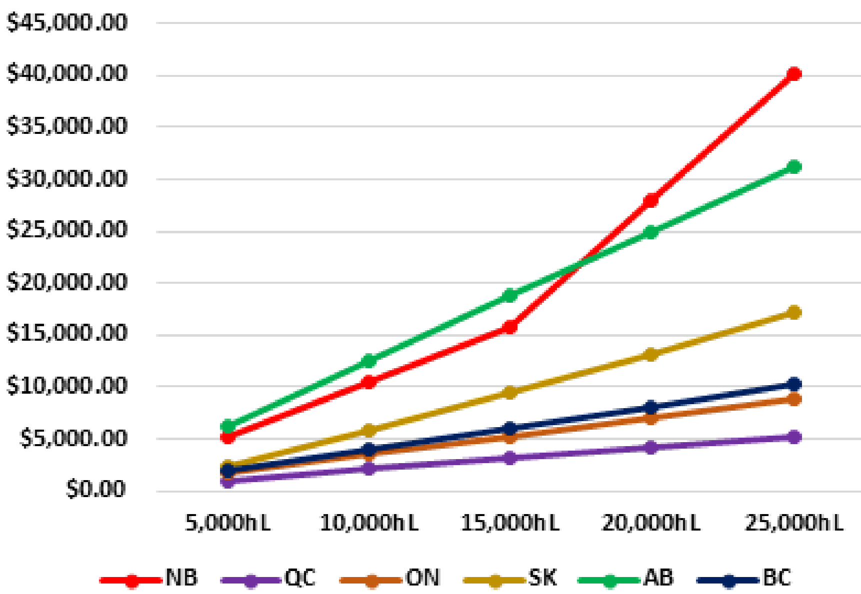


Table 3 - Total taxes paid by craft brewery production level, in hectolitres (August 2017 rates)

	5,000hL	10,000hL	15,000hL	20,000hL	25,000hL
NB	$5,250.00	$10,500.00	$15,751.39	$27,951.39	$40,151.39
QC	$1,039.50	$2,079.00	$3,118.50	$4,158.00	$5,197.50
ON	$1,767.00	$3,534.00	$5,302.50	$7,068.00	$8,835.00
SK	$2,402.50	$5,740.00	$9,475.00	$13,209.25	$17,213.45
AB	$6,250.00	$12,500.00	$18,750.00	$25,000.00	$31,250.00
BC	$2,000.00	$4,000.00	$6,000.00	$8,099.58[25]	$10,238.67[26]

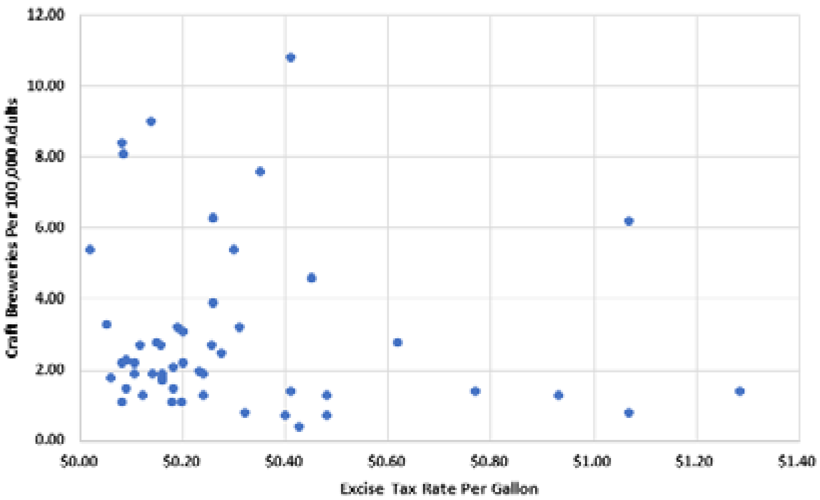
The chart at left and the table below illustrate what a beer producer would pay in taxes based on production amounts.

We have used those provinces that have easy-to-calculate tax regimes.

A craft beer producer in New Brunswick is paying more tax than those in the same industry in most other provinces, a gap that becomes especially severe at the upper end of the production scale. In New Brunswick, the tax burden doesn't just grow as a brewer produces more beer, that is, as the brewer becomes more successful.

New Brunswick taxes increase disproportionately heavily.

Figure 3 - Craft breweries per 100K adult population versus excise tax per gallon



The impact of tax rates on craft brewing is also evident in the United States. Stephan F. Gohmann's 2017 paper "Lower Taxes Means More Craft Beer"[27] is taken from his larger study of craft beer production in all 50 states titled "Why Are There So Few Breweries in the South?"[28]

Gohmann looked closely at the five states with the highest number of breweries per capita in comparison with the five states with the lowest number of breweries. He found that factors other than supply and demand for beer were keeping the industry from growing. Higher state taxes played an identifiable part in hindering the industry in the low-performing states.

The chart above uses data from the American Brewers Association[29] to show the number of craft breweries per capita versus tax rates in 2016 for the all states and the District of Columbia. The largest cluster is in the lower left corner of the graph, which combines low production and lower tax rates. This could lead one to the erroneous conclusion that hiking taxes might produce more craft breweries. The relationship between taxes and breweries is more clearly seen in the discernible arc from the lowest tax rate and between eight and 10 breweries per 100,000 residents to the isolated data points at the higher end of the tax rate which also have the lowest number of breweries. There is also a second small cluster around the 40 cents per gallon tax rate which have the lowest number of craft breweries. While a single year's worth of data makes it hard to draw clear correlations, one can see that states with high numbers of craft breweries also tend to have relatively low beer excise tax rates.

The average excise tax rate in the U.S. in 2016 was 30 cents per gallon. Of the 10 states with the highest per capita number of craft breweries in the U.S., the average excise tax rate was 32 cents per gallon. Alaska is something of an anomaly since it has a $1.07/gallon tax rate yet the seventh highest per capita rate of craft breweries. Excluding Alaska, the average drops to 23 cents per gallon and a relationship between the number of breweries and the excise tax rate becomes clearer.

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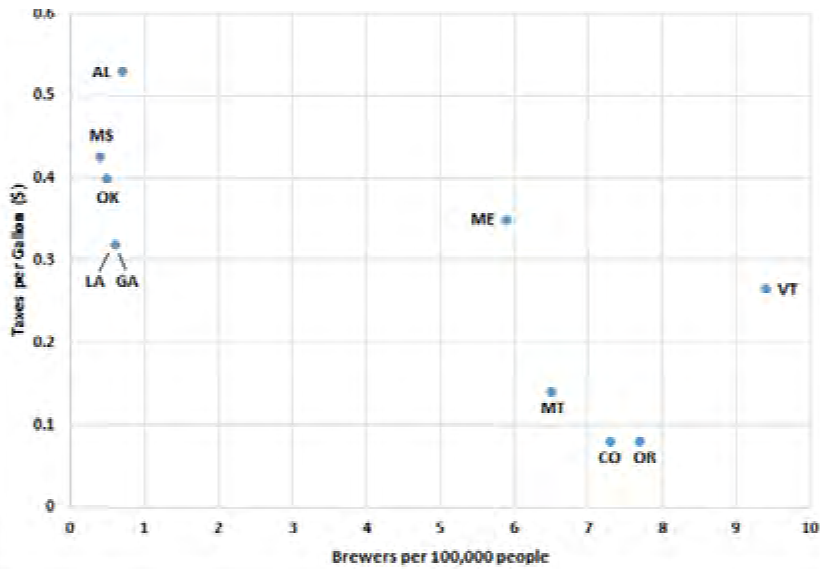
Figure 4 - Taxes per gallon versus Brewers per 100K population



The top five per capita craft brewery states shown in Figure 4 (Colorado, Maine, Montana, Oregon, and Vermont) have average excise tax rates of $0.21/ gallon. The three western states among these five have an average excise tax rate of just $0.10/gallon. Meanwhile, these three states have an average of 8.5 craft breweries per 100,000 adults, compared to the U.S. average of 2.9.[30] Figure 4 illustrates the relationship between tax rates and craft brewery proliferation among the U.S. states with the five highest and five lowest per capita craft brewery figures.

Were Atlantic Canada to adopt a lower and more competitive tax regime on craft brewers, the experience of elsewhere in North America suggests that the region could witness even greater craft brewery growth.

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The problem of trade barriers

The larger issue of internal trade barriers between provinces and territories received much wider attention after the Standing Senate Committee on Banking, Trade, and Commerce released a study called “Tear Down These Walls: Dismantling Canada’s Internal Trade Barriers.”[31] This comprehensive study looked at the wealth Canada is losing in gross domestic product by having these internal trade barriers, and found it could cost anywhere between $50 billion and $130 billion to the economy.

“Tear Down These Walls” makes a case for mutual recognition between provinces, saying the artificial walls that exist are an affront to the fundamental rights of Canadians.

Beer does not always make the news in this beer-drinking country. However, the April 2018 Supreme Court of Canada ruling in the case of *R. v. Comeau* generated nationwide attention and commentary, and highlighted the trade barriers that exist within Canada. In October 2012, Gerard Comeau of Tracadie, New Brunswick, made headlines when he purchased 354 bottles of beer and three bottles of spirits in Quebec and drove them back into New Brunswick. The RCMP stopped Comeau and fined him for violating the *New Brunswick Liquor Control Act* that limits personal liquor importation to 12 pints of beer or one bottle of alcohol or wine.[32]

However, Comeau was acquitted by a provincial court judge, who ruled that the liquor restriction was unconstitutional under section 121 of the *Constitution Act,* which states that products from any province are to be admitted free into each of the other provinces.

After New Brunswick’s highest court refused to review the matter, prosecutors in the province appealed to the Supreme Court of Canada to rule on the matter. In November 2017, the Supreme Court began to hear a review of the case.[33] In April 2018, the Supreme Court ruled against Comeau, and a summary of the ruling on the Court’s website follows:

> The Supreme Court held that while section 121 prohibits laws whose main purpose is to prevent the movement of goods across provincial borders, it does not prohibit legislation that has incidental effects on trade. While the New Brunswick law Mr. Comeau challenged restricted the movement of alcohol across the provincial border, this was not its main purpose. Its main purpose was to manage the supply and demand of liquor in New Brunswick. Therefore, the law is constitutional.[34]

The ruling therefore upheld the trade barriers on alcohol that provinces have erected, and the country missed out on the opportunity to see these barriers removed via one

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single action. This would have revolutionized sales across Canada—not to mention revolutionizing all Canadian trade,[35] which is another issue entirely—as craft brewers would have the right to sell directly to consumers across Canada and get around provincial liquor monopolies. Consumers across Canada would have been able to circumvent provincial markups and high provincial taxes and this would of course lead to an increase in sales.

This direct-to-consumer model has greatly expanded in the United States, where a 2015 U.S. Supreme Court judgment opened the industry. In that country, the direct-to-consumer model increased trade 75 percent by value and 70 percent by volume since 2011.[36]

That ruling came about through a "favourable decision for small wineries (that) ruled against protectionist state laws that favoured in-state wine producers."[37]

The outcome of *R. v. Comeau* means that the provinces will have to remove these trade barriers. As the aforementioned Senate report stated, governments can start to tear down regulations right now without any court ruling. Our argument is that they can and must do so if the Atlantic craft brewing industry is to be liberated from arbitrary obstacles. Atlantic Canadian governments would be well-advised to eliminate their own import and trade restrictions and push for other provinces to do likewise.

There is certainly popular support for such action. A recent poll commissioned by the Montreal Economic Institute found that 89 percent of Canadians believe that one should be able to bring any legal product from one province to another, with 72 percent saying that they "strongly agree" with this notion.[38]

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Other regulations as barriers

In the Stephan F. Gohmann scholarly paper cited earlier about high beer taxes, another relationship was discovered between the number of breweries and the number of so-called "self-distribution" laws. Gohmann wrote, "In a state with a self-distribution law, breweries are able to sell their beer directly to restaurants, bars, and other businesses without using a distributor as a middleman."[39] He then said this can lower a craft brewery's distribution costs considerably. He found that in the southern states where the number of breweries is much lower, there are more laws against self-distribution. Other states that have lower beer taxes have a much higher number of breweries per capita, and there are few to no laws against "self-distribution".

Alberta offers a Canadian case study of how removing regulations not related to taxes or trade can boost craft brewing. In 2013, Alberta relaxed its liquor regulations, leading to an upswing in the number of craft brew establishments.[40] This followed Alberta leading the way in Canada, in 1993, with liquor store privatization that led to the most consumer choice across Canada.

In 2013, Alberta had no more than 13 small brewers—just one more than Nova Scotia, which has only a quarter of the population, and only 1/6 as many small brewers as in B.C.[41] After months of AGLC-led (Alberta Gaming and Liquor Commission) consultation with stakeholders throughout the industry (and what some of those stakeholders have called years of beseeching by individual breweries), the AGLC eliminated the biggest hindrance: a production-capacity requirement previously set at 5,000 hectolitres minimum per year. It meant a brewer would no longer have to raise about $500,000, plus sign a long-term lease, for a mid-level brewhouse before even obtaining a licence to sell the first keg.

The AGLC also eliminated regulations preventing brew pubs from selling off-sales anywhere other than in the restaurant itself.[42] Within two months of the relaxations, the AGLC had 30 inquiries for liquor licences and had mailed out 10 applications for prospective breweries.

The growth has been tremendous over the last few years since the changes. The number of craft breweries in Alberta has more than doubled in two years, expanding from 18 in 2014 to nearly 50 in 2016.

In comparison to Alberta, Atlantic Canada runs into some difficulties given the existence of provincial liquor monopolies that act to limit and control the distribution of alcohol. This study will not necessarily argue against liquor monopolies (that was an issue for another recent AIMS paper). The liberation of Atlantic Canada's craft beer industry does not necessarily depend upon the dismantling of liquor monopolies, but current practices by such monopolies do not help.

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For instance, the fact that NSLC and NB Liquor act as beer retailers and policy regulators of craft beers, is problematic. Jeremy White's letter classified this as a "conflict of interest" situation that needs remedying. White said there is a problem when the NSLC is his biggest customer and can make policies affecting his business. We concur with White and argue for that immediate change.

We make the case for these monopolies to further open up to smaller producers. As White mentioned, there are many small regulations that act as irritants and barriers to brewers. For example, under current NSLC guidelines, the size of glasses used in craft beer tasting rooms is limited. Such needless regulations are low-hanging fruit that can be eliminated immediately. Limits on second-sales location for craft breweries can be removed. All of these regulations, however, fall under a self-distribution umbrella. The fewer limits on self-distribution there are, the better it will be for the growth of this industry.

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Policy implications and recommendations

If the Atlantic Provinces want to encourage their craft beer industry to grow and be competitive, they must liberate it internally and externally toward the rest of Canada and the world. They must break down local barriers and bring down beer taxes and markup, so that brewers can produce more product. Even if the Supreme Court does not rule in favour of breaking down internal trade barriers, provincial rules surrounding importation and exportation of beer should be lifted to ensure unfettered access to a pan-Canadian market. The Atlantic Provinces should aspire to create the freest, least-taxed jurisdictions in Canada or even North America. There is no reason craft beer tourism can't be a part of marketing Nova Scotia and New Brunswick, for instance, as destinations.

The One Nova Scotia (Ivany) Report of 2013 called for a greater openness toward enterprise and entrepreneurship. While the commission's analysis applied to Nova Scotia, the same is true of the rest of the Atlantic region. It was followed by the Brotten Report (2015), calling for reforming taxation and lowering tax rates as a crucial exercise in opening the necessary spaces for businesses to thrive. The goals of such reports should remain at the forefront of the minds of policy-makers.

All these changes can be done within the context of liquor monopolies, although those monopolies must become less restrictive.

Here are our three central recommendations:

1. Relaxation of unnecessary regulations such as production threshold requirements and container sizes will give craft brewers significantly more freedom to market their products.
2. Reducing tax rates in Atlantic Canada will remove barriers to craft brewers wishing to enter the business, facilitate the growth of craft breweries, and allow our craft breweries to be more competitive with those in other jurisdictions.
3. Eliminating provincial trade barriers for alcohol and allowing craft brewers to retail their own products will result in a more competitive market, and eliminate a longstanding conflict of interest for liquor corporations functioning as distributor, retailer, and regulator.

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Appendix A

Craft Brewers Tax Rates in Various Provinces, Mid-2017

Nova Scotia:
- 5 percent of wholesale costs of sales made directly by brewers.
- Previous markup remains on sales to NSLC.

New Brunswick:
- 0-499 hectolitres: $0.00/L on sales through Brewer Agency Stores (BAS); $0.35/L on kegs; $1.05/L on packaged beer.
- 500-2,499 hectolitres: $0.35/L on sales through BAS; $0.35/L on kegs; $1.05/L on packaged beer.
- 2,500-4,999 hectolitres: $0.35/L on sales through BAS; $0.40/L on kegs; $1.05/L on packaged beer.
- 5,000-7,499 hectolitres: $0.45/L on sales through BAS; $0.73/L on kegs; $1.05/L on packaged beer.
- 7,500-14,999 hectolitres: $0.45/L on sales through BAS; $1.05/L on kegs; $1.05/L on packaged beer.
- The rate for production beyond 14,999 hectolitres is $1.46/L for kegs and $2.44/L for packaged beer.

Quebec:
- First 75,000 hectolitres: $0.2079/L
- Next 75,000 hectolitres: $0.4221/L
- Over 150,000 hectolitres (non-micro): $0.63/L

Ontario:
- Rates are for under 50,000 hectolitres.
- Effective March 1, 2017 to Oct. 31, 2017: $0.3182/L for draught, $0.3534/L for non-draught.
- Effective Nov. 1, 2017 to Feb. 28, 2018: $0.3482/L for draught, $0.3834/L for non-draught.

Manitoba:
- Actual retail markup is the following plus 26 percent of duty paid landed cost.
- Under 2,000 hectolitres: $0.107/L surcharge, 10 percent draught, 12 percent non-draught.
- 2,001-4,000 hectolitres: $0.107/L surcharge, 15 percent draught, 16 percent non-draught.
- 4,001-7,000 hectolitres: $0.107/L surcharge, 19 percent draught, 20 percent non-draught.
- 7,001-10,000 hectolitres: $0.107/L surcharge, 23 percent non-draught.
- 10,001-13,000 hectolitres: $0.107/L surcharge, 24 percent non-draught.
- 13,001-25,000 hectolitres: $0.107/L surcharge, 26 percent non-draught.
- 25,001-37,000 hectolitres: $0.156/L surcharge, 27 percent non-draught.
- 37,001-75,000 hectolitres: $0.188/L surcharge, 30 percent non-draught.
- Over 75,000 hectolitres (non-micro): $0.4085/L surcharge, 49 percent non-draught.

Saskatchewan:
- 2,500 hectolitres or less: $0.427/L
- 2,501-5,000 hectolitres: $0.534/L
- 5,001-7,500 hectolitres: $0.641/L
- 7,501-10,000 hectolitres: $0.694/L
- 10,001-20,000 hectolitres: $0.747/L
- 20,001-200,000 hectolitres: $0.801/L
- Over 200,000 hectolitres (non-micro): $1.671/L

Alberta:
- $1.25 per litre on all beer. This tax change made in 2016 eliminated a graduated markup rate for small brewers, which was $0.20 per litre on packaged beer for breweries producing under 20,000 hectolitres.

British Columbia:
- Fewer than/equal to 15,000 hectolitres: $0.40 per litre on packaged beer.
- 15,001 hectolitres to 350,000 hectolitres: $0.41-$0.99 per litre on packaged beer.

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Endnotess

1. While this report was in production, the Government of Newfoundland and Labrador announced a new tax and excise fee policy for craft breweries in that province. The information arrived too late for inclusion in this analysis but appears to be a move to address the high tax issue identified below.
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25. Approximate. British Columbia has a sliding tax rate of between $0.41/L and $0.99/L on production between 15,000hL and 350,000hL, with no specific ranges and rates specified.

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