



1. POLICY STATEMENT

The NSLC Craft-Distillery Policy is intended to encourage investment in the local spirits manufacturing sector and encourage the use of local agricultural inputs, to the extent possible.

Although not directly addressed in this Policy, the NSLC recognizes that growth of the local spirits industry has the potential to contribute to employment and economic output in the Province.

All provisions of the NSLC’s Manufacturers’ Policy apply in-full to manufacturers defined as craft-distilleries under this Policy.

2. OBJECTIVES

- a. Acknowledge the distinct nature of “craft” distilleries.
- b. Provide provisions that will assist craft-distilleries to expand and further develop their business, and associated employment and export opportunities.
- c. Provide provisions that acknowledge the transition from craft to commercial distilleries.

3. DEFINITIONS

- a. “Blended” for the purposes of this policy means the blending of two or more alcohol products not distilled by the manufacturer, and/or the blending of other inputs into alcohol not distilled by the manufacturer, including infusions.

- b. "Craft-distillery Class A" means a distillery that has an annual production of between 0 and 75,000 litres of finished product; "Craft-distillery Class B" means a distillery that has an annual production of between 75,001 and 150,000 litres of finished product.
- c. "Distilled" for the purposes of this policy means that the manufacturer must have, at a minimum, deployed rectification and/or re-distillation of all alcohol used in the finished product.
- d. "Distillery" means a manufacturing plant, located in the Province, to which a license has been issued by the Government of Canada and to which a permit has been issued by the NSLC and where liquor, other than beer or wine, is manufactured or blended and bottled for sale to the NSLC or export.
- e. "Finished product" means product that is in a saleable state, subject to federal government excise duty and is in a bottle, ready for purchase.
- f. "Permit" means a permit issued annually by the Nova Scotia Liquor Corporation for the sale, storage, manufacture or delivery of liquor. An application may be made for the following permits:
 - Craft-Distillery
 - Manufacturer's Retail Store
 - Hospitality Room (optional)

4. NSLC MARK-UP

Craft-distilleries Class A are eligible for the following mark-up for distilled and blended products sold to the NSLC, based on annual litre production:

Distilled: 60% Blended: 80%

- a. Where agriculture products are used in production and 100% of the agricultural products used are grown in Nova Scotia, the product in question produced by a Craft-distillery Class A is eligible for an additional mark-up reduction of 10%:

NS Distilled: 50% NS Blended: 70%

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- b. Products must be produced using traditional spirit making techniques. Spirit coolers and other highly processed products that would be classified as Ready-to-Drink by the NSLC are not eligible for the mark-up exemption.
- c. When a craft-distillery Class A surpasses 75,000 litres annual production, the craft-distillery ceases to be a Class A craft-distillery and becomes a Class B craft-distillery up to 150,000 litres annual production.
- d. Class B craft-distilleries are eligible for the following mark-up on product sold to the NSLC:

Distilled: 110%

Blended: 120%

- e. When a Craft-distillery Class B surpasses 150,000 liters, as stated on their annual permit, the distillery will become a commercial enterprise and is no longer eligible for the supports outlined above in section 4.4.

5. LICENSING

- a. A manufacturer must apply annually to the NSLC for a craft-distillery Class A or Class B permit.
- b. The cost of a craft-distillery permit Class A or B is \$500.00.
- c. If a licensed craft-distillery Class A or B is under common ownership and/or common management with other licensed micro-distilleries, the combined production of all distilleries will be used to determine compliance with the 75,000 and 150,000 limits and for one to qualify as a craft-distillery; all distilleries must meet the craft-distillery Class A or B criteria.

6. RETAIL SALES MARK-UP ALLOCATION

- 6.1 The Retail Sales Mark-Up Allocation for craft-distilleries equals 5% of wholesale sales.

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