



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Alistair MacGregor

MEMBER OF PARLIAMENT - COWICHAN-MALAHAT-LANGFORD

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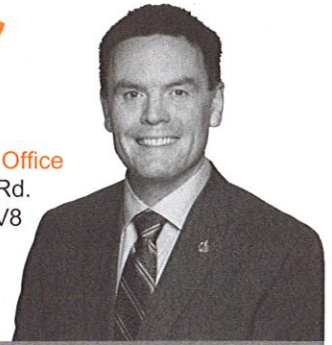
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June 14, 2017

The Honourable Bill Morneau
Minister of Finance
House of Commons
Ottawa, ON
K1A 0A6

Dear Minister Morneau,

I am writing on behalf of craft brewers in my riding who are concerned with the excise tax amendments contained in Bill C-44, the *Budget Implementation Act, 2017, No. 1*.

While I appreciate that the House of Commons has now passed the bill at Third Reading and that it has gone to the Senate for consideration, I still feel it necessary to present the concerns these important small businesses have with the proposed changes. The main issue is with the escalator provision on the tax, which will allow it to increase every year with an increase in the Consumer Price Index (CPI). This "fire and forget" tax removes the traditional role that Parliament plays in overseeing tax increases, and it won't pay attention to market conditions that could be affecting the industry at some point in the future. While I appreciate that there are lower excise rates for breweries that produce lower volumes, their rates are still subject to this tax, as set out under clause 42 of the bill.

During the Standing Committee on Finance's hearings on Bill C-44, it was revealed that no economic analysis had been conducted on the potential impacts of an escalator excise tax on the industry. The small craft brewers in my riding have worked hard to develop and produce beer of exceptional quality, and each of them are drawing tourists and locals alike by the thousands each year. Their success means continued employment opportunities that provide a good income.

Minister, on behalf of the small brewers in my riding, I ask that your government reconsider the implementation of this escalator tax so that the impacts can be fully studied and so that any future tax increases must always be approved by Parliament. Thank you.

Sincerely,

Alistair MacGregor, MP
Cowichan-Malahat-Langford

AM/am