
COLORADO BREWERS GUILD

Craft Brewers Industry Overview and Economic Impact

BUSINESS RESEARCH DIVISION

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EXECUTIVE SUMMARY

Colorado is home to more than 130 established craft brewers that use an integrated supply chain ranging from Colorado-grown hops to independent liquor stores that occupy retail shopping centers throughout the state. The industry is fragmented by size; some small brewers have little reach throughout the state, while others are on such a growth trajectory that they cannot meet current national demand. Regardless of size, sales, brand recognition, and expansion plans, all industry players have an important role in Colorado's culture and economy.

This study quantifies the economic impacts of the craft brewing industry on the state of Colorado, including both breweries and brewpubs. The report details the direct, indirect, and induced economic impacts in terms of output, employment, and income. Primary data were collected from the craft brewers in an online survey.

Through the buying and selling of goods in Colorado, the industry recorded total economic benefits of \$446 million in 2011—\$215 million of which were direct economic benefits. Converting mostly raw materials inputs such as hops and water into the craft beers sold domestically and internationally, the industry tallied \$166 million in direct value added and \$307 million in total value added. In 2011, a total of 4,170 people worked in the brewery and restaurant sides of the business. Industry wages averaged \$24,500 in 2011, partially lowered by the part-time nature of restaurant jobs and the ramping up phase of start-up breweries. Benefits most commonly reported by breweries include health insurance and paid vacation, with dental, life, and disability insurance less common. Unique benefits described by brewers ranged from EcoPasses to ski passes.

In addition to the economic benefits that include employee wages and the buying and selling of goods in Colorado, brewers are committed to the well-being of their communities. Brewers reported more than \$1.2 million in quantifiable community donations, with some defining their giving as a percentage of business activity. Brewers sponsor youth sports, and support volunteerism, fund-raising, and charitable giving, demonstrating their connection with the community.

While the number of craft breweries has risen exponentially in recent years, there are factors that could help the industry grow, as well as factors that currently inhibit the industry's potential. The factor that brewers indicated would most encourage business expansion today is lower taxes, but federal and state excise taxes ranked fourth and sixth as business inhibitors. Access to capital ranked second as a current business inhibitor and also second as a factor that influences growth.

Other high-ranking factors that respondents believe could influence business expansion include state support for craft brewing tourism and general state support for the craft brewing industry. Other high-ranking encumbrances to growth include regulation and the advent of new brewers in the marketplace.

Craft brewers are a part of Colorado's identity, employing Colorado citizens, buying Colorado goods and services, and selling to Coloradoans and visitors. In reaction to brewers' opinions, the Colorado Brewers Guild could explore strategies to mitigate factors inhibiting industry growth. Additionally, the industry supply chain should be reviewed to identify local goods and services available to serve the industry.

PROJECT OVERVIEW

This study quantifies the economic contributions related to craft brewing in the state of Colorado by collecting publicly available secondary data and primary data obtained from a survey of Colorado Brewers Guild members. This study estimates direct industry sales, employment, average wages, and fiscal impacts. Input-output analysis is used to illustrate the supply chain impacts of the industry and demonstrates the scope and reach of the industry within the state. This study does not include the large international brewers located in the state.

METHODOLOGY

This study was conducted in cooperation with the Colorado Brewers Guild and with dozens of craft brewers across the state of Colorado. Economic impacts on Colorado were estimated by examining data provided on revenues, operating expenditures, employee salaries and benefits, and production in Colorado. This approach accounted for the leakage that occurs when brewers and brewpubs make purchases outside the state. Furthermore, this study estimated the multiplicative impacts of direct expenditures on other industries in the economy through input-output modeling by using IMPLAN, a widely used economic modeling software. Intangible benefits, including community service, charitable giving, and fund-raisers, are described to illustrate additional community benefits derived from the presence of craft brewers, but are not directly quantified when determining the overall economic contribution.

Data requests were made directly to craft brewers and brewpubs in order to obtain information on revenue, expenditures, employment, salaries, benefits, and production, as well as factors that influence or deter growth. Information was collected through an online survey sent directly to points-of-contact within each brewery. Additional information was gathered from other public and private sources to verify and augment data. A more comprehensive survey was sent to a sample of Colorado's craft brewers asking for detailed ZIP code expenditure and employment data in order to assess and verify leakage estimates.

Revenues and expenditures were split by license (brewing or brewpub) and entered into the IMPLAN model by respective function (brewing, food and beverage stores).

DEFINITIONS

Gross Domestic Product (GDP): A measure of economic activity, GDP is the total value added by resident producers of final goods and services.

Gross Output (Output): The total value of production is gross output. Unlike GDP, gross output includes intermediate goods and services.

Value Added: The contribution of an industry or region to total GDP, value added equals gross output, net of intermediate input costs.

Company: Includes all establishments under the same responding parent entity.

Establishment: Refers to individual company locations.

LITERATURE REVIEW

Several studies have been conducted to quantify the economic contributions of the U.S. beer industry. The Beer Institute's study on the malt beverage industry found that the industry employed 1.84 million Americans in 2010—41,890 working in craft breweries. Of the 1.84 million employees, the wholesale sector accounted for 98,120, and the retail sector employed 904,730. With an estimated economic output of \$223.8 billion, the industry accounted for 1.5% of the U.S. GDP. Further economic impacts reported included \$33.5 billion paid by the industry and employees in direct federal, state, and local taxes, as well as an estimated induced impact of \$76.2 billion and 500,600 jobs. Additionally, suppliers to the industry, including suppliers of ingredients, packaging, and fuel, created about \$59.5 billion in economic activity and 291,740 jobs (Dunham and Associates 2011).

A look at brewing statistics by state indicates that California led the nation, with 318 active brewer's permits filed in 2010 (Beer Institute 2011). Behind California, Oregon reported 148 active brewing permits and Colorado ranked third, with 136. In a study commissioned by the National Beer Wholesalers Association and the Beer Institute, it was found that California's beer industry contributes \$33.2 billion each year, directly employing 117,240. The direct and indirect impact on the state's economy totaled 229,746 jobs with \$10.5 billion in wages and benefits (National Beer Wholesalers Association 2011).

Oregon's craft brewing industry employed 4,900 people in 2010, with an estimated economic impact of \$2.4 billion. In addition to producing 0.5% of the nation's total beer production, Oregon produced a hop crop with the value of \$31.2 million (Oregon Brewers Guild 2012). Texas ranks 14th, with 49 active brewing licenses (Beer Institute 2011). In 2009, the beer industry in Texas was estimated at \$6.5 billion, of which \$246 million was attributed to craft brewing. Craft brewers employed 826 workers with an economic impact of \$82.5 million (Metzger 2011).

One study examined the brewing industry in Fort Collins, Colorado. The study, which examined both conventional and craft brewers, estimated direct industry employment at 938 jobs in 2010, with average compensation of \$88,700. Local output was estimated at \$263.1 million (Marturana and Shields, 2011).

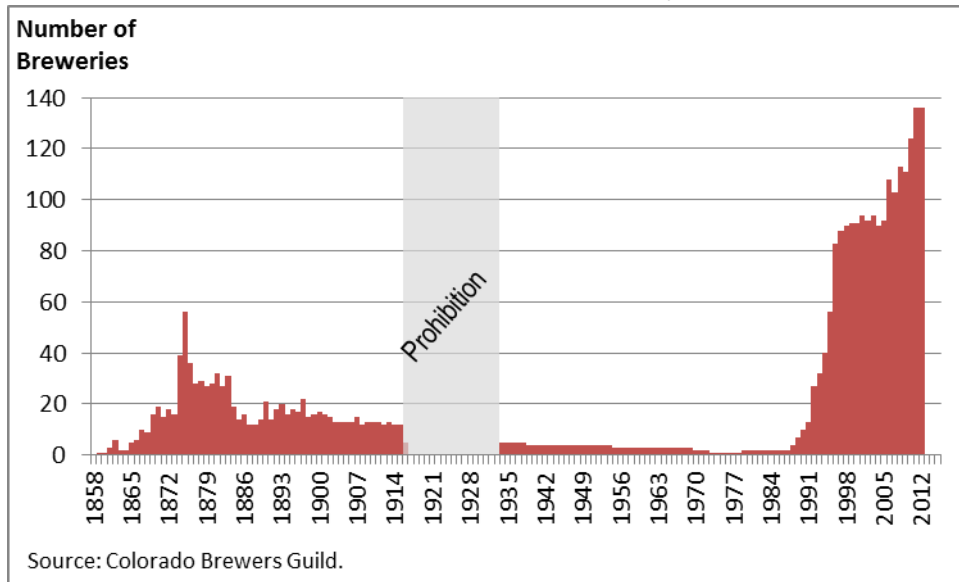
HISTORY OF BREWING IN COLORADO

Colorado has a long brewing history, with breweries dating back to 1859—before Colorado was a state. Brewing grew as miners, farmers, and ranchers made the territory home. The number of breweries would expand across the state and barrelage would increase. The number of breweries peaked in 1875 at 58 breweries. In 1916, Prohibition made breweries obsolete in Colorado. Five Colorado breweries survived an eighteen year period without selling beer. Alternatives like ice, ice cream, ceramics and malted milk products were made instead. Prohibition was repealed in 1933.

Nonetheless, the decline of breweries continued a slow descent to one brewer in 1975.¹ In 1988 Carver Brewing Company in Durango and Wynkoop Brewing Company in Denver began brewing beer and selling it in their attached restaurant. A brewpub industry segment was born in Colorado. In 1995, a Colorado brew pub license was created blending aspects of a traditional brewery, restaurant, and beer wholesaler. The industry has been rapidly building breweries, growing to 136 in 2011. Both the 1990s and the 2000s experienced profound growth in breweries, and indications point to additional growth in 2012 and 2013. This growth in breweries is by-and-large craft brewers.

¹Excluding prohibition.

FIGURE 1: COLORADO BREWER GROWTH, 1859-2012



Colorado's beer industry, by law, operates under a three-tier system that includes legally separate manufacturers, distributors, and retailers for the production, distribution, and sales of beer and other alcoholic beverages. This study examines the craft brewers within the first tier, and thus this study does not directly examine distribution or sales, which alone account for thousands of employees and millions of dollars in economic activity.

Along with the industry impacts that range from agriculture and manufacturing to marketing, transportation, and sales, the industry plays a role in tourism in the state. Visitors tour Colorado breweries, as well as take part in the Great American Beer Festival, which boasts the nation's largest and oldest gathering of brewers and 50,000 visitors annually.

SURVEY RESULTS

The Business Research Division received survey responses from 75 brewers and brewpubs representing 85 locations in Colorado. The number of companies reporting they are licensed with the Colorado Liquor Enforcement Division as a brewpub slightly outweighed those registered as a manufacturing brewery 53% to 47%. For those brewpubs, most of their revenue is derived from the restaurant side of the business (58.4%). The restaurant side of the business is also comparatively labor-intensive, with brewpubs reporting that 81.5% of employees work on the restaurant side of the business, compared to 15.8% who are brewers, and 2.8% who do both jobs. Brewers reported brewing a weighted average of 895 barrels of beer per employee in 2011, and labor-intensive brewpubs reported brewing 45 barrels per employee.

These breweries indicated that they brew an average of 16 different styles of beer throughout the year. Most beer was reportedly packaged in kegs (70.5%), followed by bottles (20.6%) and cans (8.9%).

Colorado craft brewers are largely serving the Colorado market—only 22.7% ship outside the state, and 10.7% ship internationally. The shipping craft brewers who did report domestic exports collectively identified 48 states and Washington D.C. as destinations.

Colorado, like the nation, has seen a rapid increase in the number of craft brewers in recent years. Survey respondents illustrate this rapid increase—more than 61% of responding companies formed over the past 10 years.

EMPLOYMENT, BENEFITS, AND WAGES

Colorado breweries and brewpubs employed an estimated 4,170 workers in 2011, paying nearly \$102 million in total wages. This averages to \$24,400 per employee, diluted by the many restaurant and bartender jobs that are less than full time.

The bulk of employment is concentrated in the largest firms—25 establishments have more than 60 employees and represent 53% of total sector employment. Ninety firms have 20 or fewer employees (including firms with only 1 employee), representing 8% of employment. Mid-size firms (21-60 employees) account for the remaining 38% of employment.

Wages, too, are concentrated in large firms. Wages in the largest size class (more than 60 employees) averaged \$27,614. Wages in the medium- and small-size class averaged \$22,017 and \$15,038, respectively.

More than 72% of responding brewers and brewpubs offer health insurance to at least some of their employees, and 74% offer paid vacation. However, other benefits, such as dental, retirement, life insurance, and disability, are available less frequently to employees. Some brewers indicated offering stipends for health insurance in lieu of a health insurance program.

TABLE 1: CRAFT BREWER BENEFITS

Benefit	Percentage
Health Insurance	72.1%
Dental Insurance	44.2%
Life Insurance	39.5%
Retirement	44.2%
Short-Term Disability	23.3%
Long-Term Disability	25.6%
Paid Vacation	74.4%

Other benefits noted by brewers include:

- Ski passes
- RTD EcoPass
- Profit sharing
- Health club membership
- Meals and drinks
- Trade certifications

REVENUES

Of the 55 craft breweries reporting revenues, average Colorado revenues per employee were \$52,037. Differentiating by size class, the smallest size class averaged \$38,043, the medium-size class averaged

\$50,538, and the largest size class averaged \$54,627. Extrapolating these average per-employee revenues to the entire sector yields Colorado revenues totaling \$215.4 million in 2011.

Brewer respondents indicated that 68% of brewpub revenue derives from the restaurant, while 32% comes from the brewery. When combined with the brewery-only responses, 63% of overall revenue derives from breweries and 37% from the brewpub restaurants.

EXPENSES

Of the 60 breweries reporting expenses, average Colorado expenses were \$44,389. These, too, differed by size class, with the smallest size class averaging \$25,881, the medium-size class averaging \$43,746, and the largest size class averaging \$47,762. Extrapolating these expenses to the entire sector yields Colorado expenditures totaling \$185 million in 2011.

ECONOMIC IMPACT

Based on Colorado brewery and brewpub sales, expenditures, and employment, the craft brewer industry yielded total economic benefits of \$446 million in 2011—more than \$306 million of which was value added. Craft brewers directly employed 4,170 employees in 2011. An additional 356 indirect workers and 1,274 induced workers brought the total employment impact to 5,800 Colorado employees. Income to Colorado workers topped \$179 million, of which \$102 million went directly to craft brewery employees.

Based on this level of activity, direct state and local fiscal impacts are estimated at \$40 million, and federal impacts are estimated at \$26.1 million.²

Federal and state excise taxes are estimated at \$1.3 million for craft brewers. The Colorado excise tax rates are \$0.08 per gallon for 3.2% beer and malt liquor (beer). The federal excise tax on beer is \$7.00 per barrel, or approximately \$0.23 per gallon, for production of 60,000 or less barrels³. Production in excess of 60,000 barrels is taxed at \$18 per barrel, or approximately \$0.58 per gallon.⁴ Most craft brewers produce fewer than 60,000 barrels, resulting in a combined state and federal beer tax of \$0.31 per gallon, or \$0.038 per pint. For production in excess of 60,000 barrels, this is \$0.66 per gallon, or \$0.083 per pint.⁵

TABLE 2: ECONOMIC IMPACTS

Impact Type	Employment	Labor Income (In Millions)	Value Added (In Millions)	Output (In Millions)
Direct Effect	4,170	\$101.8	\$165.6	\$215.4
Indirect Effect	356	\$22.3	\$41.1	\$75.8
Induced Effect	1,274	\$55.2	\$99.9	\$154.8
Total Effect	5,800	\$179.2	\$306.5	\$445.9

²Includes such taxes and fees related to dividends, social insurance, sales, property, excise, motor vehicle licensing, severance, and others.

³The federal beer excise tax was originated in 1862 to help fund the Civil War, and was never repealed.

⁴One barrel of beer equals 31 gallons.

⁵One gallon of beer equals 8 pints.

According to the Tax Foundation, Colorado’s \$0.08 beer excise tax is among the lowest in the nation, second to only Wyoming (\$0.02). High beer excise tax states include Alaska (\$1.07), Alabama (\$1.05), and Georgia (\$1.01)—the only three states in excess of \$1. The Colorado Department of Revenue reports alcoholic beverage excise taxes and license fees for 3.2% beer and “repeal” beer (i.e., full strength beer). For fiscal year 2011, 3.2% beer taxes totaled \$478,445, and repeal beer totaled \$8,514,422, for a total of nearly \$9 million combined. These taxes are generated from the entire beer industry, not just craft brewers. According to the Colorado Department of Revenue, Division of Taxation, the excise tax is applied to beer that is sold from a manufacturer to a licensed wholesaler or a consumer in the state.

TABLE 3: COLORADO BEER EXCISE TAX

Tax	FY2007	FY2008	FY2009	FY2010	FY2011
3.2% Beer Tax	\$582,595	\$571,021	\$438,158	\$413,657	\$478,445
Full Strength Beer Tax	8,146,423	8,289,409	8,711,253	8,186,066	8,514,422
Total	\$8,729,018	\$8,860,430	\$9,149,411	\$8,599,723	\$8,992,867

Source: Colorado Department of Revenue, Liquor Enforcement Division (LED).

FACTORS IMPACTING GROWTH

Two policy-minded questions were included in the survey of companies. These asked about factors that influence growth and factors that inhibit growth. By ranking responses, the breweries implicitly expressed preferences for agents of growth. Many of these factors align with national sentiments of small businesses, while other high-ranking factors illustrate issues that relate specifically to this industry in Colorado.

The primary factor that brewers indicated would most encourage business expansion today included lower taxes, but federal and state excise taxes ranked fourth and sixth as business inhibitors. In addition to business taxes imposed on all businesses in the state, brewers face a federal and state excise tax on beer production. The combined federal and state excise tax amounts to a little more than \$0.083 per pint of beer. The state income tax rate is 4.63% for individuals and business, though effective tax rates tend to be lower than 4.63%. The average county mill levy, including county, city, school district, and special district, was 73.218 in 2010. Colorado sales taxes are shared between the state, counties, cities, and special districts, and can reach rates in excess of 8%, depending on the location in Colorado. In Broomfield, the rate is 8.25%. For Denver, the rate is 7.72%, while it is 7.4% in Colorado Springs. Rates on food for home consumption differ by local area.

Comparatively, a monthly survey of small businesses conducted by the National Federation of Independent Business (NFIB) finds that two factors tied second for the single-most important problem: (1) taxes and (2) government requirements and red tape. For Colorado brewers, regulation ranked fifth.

Access to capital ranked second as a current business inhibitor and also second as a factor that influences growth. This appears to be a factor that is unique to this industry as only 4% of business owners in the NFIB survey cited financing as their top business problem.

Other high-ranking factors believed to influence business expansion include state support for craft brewing tourism and general state support for the craft brewing industry. Other high-ranking encumbrances to growth included regulation and the advent of new brewers in the marketplace.

TABLE 4: FACTORS INFLUENCING BREWERY GROWTH

Influencing Factors	Rank
Lower taxes	1
Increased access to financing	2
State support for craft brewing tourism	3
State support for craft brewing industry	4
Decreased regulation	5
Lower fuel costs	6(T)
Access to brewery equipment	6(T)
Increased market access	8
Increased access to distribution channels	9
Increased hop production in Colorado	10
Full strength beer sales in Colorado grocery stores	11

TABLE 5: FACTORS INHIBITING GROWTH

Influencing Factors	Rank
High commodity prices (e.g., hops, barley, fuel, etc.)	1
Lack of access to capital	2
Cumbersome regulations	3
Federal brewer excise tax	4
Increased competition	5
State brewer excise tax	6
Lack of available brewery equipment	7
Complex distribution channels	8
Lack of market access	9
Difficulty sourcing raw materials	10

ADDITIONAL COMMUNITY BENEFITS

Colorado craft brewers and brewpubs were asked to describe their participation in community nonprofit organizations and events, including charitable donations and volunteer activities. Brewers that supplied a dollar amount in giving reported more than \$1.2 million in gifts. Others reported giving as a percentage of revenues or profits. Nearly 90% of brewers reported giving to charity organizations and participating in fund-raising, and 67% engage in volunteerism. Survey responses indicate that, on the whole, brewers and brewpubs are active in their communities, with some respondents indicating that examples of their participation are “too many to name” and that listing them “would take all day.” Another organization responded that “pretty much when...one calls we give.” Among those examples noted most frequently were contributions to community and civic groups, including food banks, local arts groups, senior centers, veterans’ organizations, and cancer and disease research organizations. Sponsorship of local festivals was also noted frequently, along with cash and products donated to charity fund-raising events and local sports teams.

Additionally, employees of craft brewers and brewpubs serve in a number of community and civic groups, volunteering their time and expertise. One responding company indicated that its employees volunteered more than 2,300 hours in 2011 alone.

While these contributions are intangible and cannot be quantified, they reveal Colorado craft brewers’ and brewpubs’ participation in, and commitment to, their local community.

CONCLUSION

Craft brewers are a source of economic benefits totaling \$446 million in output in 2011 disbursed throughout Colorado's urban cities and rural communities. More than \$215 million of this is in direct brewer and brewpub economic activity. Direct industry employment totaled 4,170, and wages totaled an estimated \$104 million, with average wages of \$24,900, diluted by part-time workers. A majority of brewers offer health benefits and paid vacation, while others offer dental, retirement, life, disability. Other unique benefits include ski passes, EcoPasses, and gym memberships.

Brewers ranked factors that would encourage business expansion and factors that inhibit growth—some of which can be impacted by policy changes and others that are driven by market forces. Lower taxes, increased access to capital, and state support for the industry were regarded as the greatest factors that would help the industry grow, followed by decreased regulation. High commodity prices were regarded as the greatest industry inhibitor, followed by lack of access to capital, cumbersome regulation, and taxes.

In addition to these economic benefits, community benefits range from charitable giving—brewers donated more than \$1.2 million in quantifiable gifts in 2011—to volunteerism and community engagement. These craft brewers take part in festivals, sponsor youth sports teams, and engage with food banks.

Further research should be conducted into the industry supply chain to understand the points of leakage and to gain ideas to bring more of the supply chain local.

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APPENDIX 1: DETAILED RESULTS

TABLE 6: DO YOU SHIP BEER OUTSIDE THE STATE OF COLORADO?

Answer	Percentage
Yes	22.7%
No	77.3%
<i>n=75</i>	

TABLE 7: DO YOU EXPORT BEER INTERNATIONALLY?

Answer	Percentage
Yes	10.7%
No	89.3%
<i>n=75</i>	

TABLE 8: ARE YOU LICENSED AS A MANUFACTURING BREWERY OR A BREW PUB?

License	Percentage
Manufacturing Brewery	47.2%
Brewpub	52.8%
<i>n=72</i>	

TABLE 9: IN WHAT YEAR WAS YOUR BREWERY FOUNDED?

Year	Number
1979	1
1988	4
1989	2
1990	1
1991	1
1993	5
1994	2
1995	3
1996	6
1997	3
1999	1
2002	1
2005	5
2006	4
2007	1
2008	4
2009	5
2010	12
2011	14
<i>n=75</i>	

TABLE 10: FOR COMPANIES LICENSED AS A BREWPUB, WHAT PERCENTAGE OF REVENUE IS ATTRIBUTABLE TO EACH ACTIVITY?

Revenue	Percentage
Brewing	41.3%
Restaurant	58.4%
<i>n=40</i>	

TABLE 11: FOR COMPANIES LICENSED AS A BREWPUB, WHAT PERCENTAGE OF EMPLOYEES IS ATTRIBUTABLE TO EACH ACTIVITY?

Activity	Employees
Brewing	15.8%
Restaurant	81.5%
Both	2.8%
<i>n=38</i>	

TABLE 12: WHAT FACTORS WOULD MOST ENCOURAGE YOU TO EXPAND YOUR BUSINESS TODAY?

Influencing Factors	Rank	<i>n</i>
Lower taxes	1	70
Increased access to financing	2	69
State support for craft brewing tourism	3	65
State support for craft brewing industry	4	66
Decreased regulation	5	61
Lower fuel costs	6(T)	65
Access to brewery equipment	6(T)	65
Increased market access	8	62
Increased access to distribution channels	9	62
Increased hop production in Colorado	10	65
Full strength beer sales in Colorado grocery stores	11	69

TABLE 13: WHAT FACTORS MOST INHIBIT YOUR GROWTH TODAY?

Influencing Factors	Rank	<i>n</i>
High commodity prices (e.g., hops, barley, fuel, etc.)	1	63
Lack of access to capital	2	61
Cumbersome regulations	3	64
Federal brewer excise tax	4	61
Increased competition	5	63
State brewer excise tax	6	64
Lack of available brewery equipment	7	65
Complex distribution channels	8	62
Lack of market access	9	58
Difficulty sourcing raw materials	10	64

TABLE 14: DO YOU OR YOUR EMPLOYEES (ON BEHALF OF THE BUSINESS):

Activity	Percentage
Give to Charity Organizations	89.6%
Volunteerism	67.2%
Participate in Fund-raising Events	89.6%
<i>n=67</i>	

APPENDIX 2: FULL LITERATURE REVIEW

Economic Impact and Potential of the Texas Craft Brewing Industry

The Texas Beer Freedom performed an economic impact study on the Texas craft brewing industry for the Texas Craft Brewers Guild. Within Texas's \$6.5 billion beer industry, craft brewing provided a direct impact of \$246 million. Additionally, the craft brewing industry brought an indirect economic impact of \$10 million. The study found small craft brewers employed 826 people, and large craft brewers employed 604 people in 2009. Texas craft breweries produced 483,274 barrels, and recorded gross sales of \$126.3 million with estimated retail sales of \$246.1 million. The craft breweries paid \$19.6 million in sales tax, \$3.4 million in federal excise tax, \$1.8 million in state excise tax, \$767,837 in property tax, and \$170,000 in licenses and permit fees (Metzger).

The Beer Institute Economic Contribution Study, Methodology and Documentation

The Beer Institute performed a study to determine economic impacts by the malt beverage industry within the United States during 2010. The study defined the malt beverage industry to include brewing, wholesaling, importing, exporting, and retailing, as well as malt liquor and flavored malt beverages. For 2010, the industry employed 1.84 million Americans—41,490 were involved in craft brewing. The malt beverage industry accounted for 1.5% of U.S. GDP, or \$223.8 billion. The malt beverage industry is divided into three tiers: brewing, wholesaling, and retailing. The wholesale sector employed 98,120 people, while the retail sector employed 904,370 people. Considering taxes, the industry and employees paid \$33.5 billion in direct federal, state, and local tax, while the consumption of the beer created \$5.3 billion in federal and state excise tax revenues, \$4.0 billion in state sales tax revenues, and \$682.2 million in other "beer-specific" local tax revenues. The induced impact from the industry totaled \$76.2 billion and 500,600 jobs. The study also defined industry suppliers to include companies that supply ingredients, packaging, fuel, sales displays, transportation, and machinery; and provide services. Government enterprises that work on regulation for the industry were also included. The economic activity of the malt beverage industry suppliers totaled \$59.5 billion and 291,740 jobs in 2010 (Dunham and Associates).

"New Study Shows Beer Industry Contributes \$33.2 Billion Annually to California Economy"

This article discusses the results of an economic study commissioned by the National Beer Wholesaler Association and the Beer Institute. Based on data compiled in 2010, it shows an annual \$33.2 billion contribution from the beer industry to California's economy. The industry directly employed 117,240 people in brewing, distribution, and retail, totaling \$4.1 billion in wages. The total effect, direct and indirect, on the state is an estimated 229,746 jobs, with \$10.5 billion in wages and benefits to the state. Also attributed to California's beer industry was \$6 billion in business, personal, and consumption taxes in 2010. The beer industry was defined in the study to include brewers, importers, distributors, suppliers, and retailers (National Beer Wholesalers Association).

"Facts"

According to the Oregon Brewers Guild, Oregon's brewing companies employ 4,900 people and have an estimated \$2.4 billion annual impact on the economy. In 2010, Oregon breweries brewed 1.08 million barrels, a little less than 0.5% of the total U.S. beer production. Per capita, Oregon is the second-largest producer of craft beer and the third-largest craft beer market. Additionally, Oregon had a 2010 hop crop value of \$31.2 million, making it the second-largest hop-growing state (Oregon Brewers Guild).

Brewers Almanac, 2011

The Beer Institute released statistic data pertaining to the brewing industry. The information covers a breadth of topics, including the Active Brewer's Permits by States, as well as the number of brewing industry jobs in each state. California had the most active brewer's permits—318 in 2010—followed by Washington, Colorado, and Oregon. In California, breweries accounted for a total of 229,746 jobs: 5,940 in brewing, 11,743 in wholesale, and 65,501 in retail. In Colorado, jobs totaled 78,581: brewing, 6,616; wholesale, 1,446; and retail, 12,406 (Beer Institute).

The Economic Impacts of Breweries on Larimer County

Conducted by the Regional Economics Institute at Colorado State University, this study estimated the economic impact of the 10 breweries located in Larimer County in 2010. Ranging from large-scale operations to small craft brewers and mom-and-pop businesses, Larimer County breweries directly generated \$263.1 million in local output—translating into \$106.0 million in value-added activity—and added \$83.2 million to county payrolls. The industry supported a total of 938 direct jobs, with average compensation per worker of \$88,700. These direct jobs support an additional 1,550 spin-off jobs with an average compensation per worker of \$37,900. Taking into consideration direct and spin-off jobs, the breweries add a total of \$141.9 million to county payrolls. In sum, local breweries supported \$309.9 million in county output in 2010 (direct and spin-off impacts), translating into \$178.1 million in value-added activity.