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MAINE BEER & WINE WHOLESALERS ASSOCIATION

July .30, 2003

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Attn: TTB Notice No. 4  
Chief, Regulations and Procedures Division  
P.O. Box 50221  
Washington, D.C. 20091-0221

Dear Sir or Madam:

The Maine Beer & Wine Wholesalers Association (MBWWA) strongly supports the proposed rule recently issued in March 2003 by the Tax and Trade Bureau that outlines the necessary alcohol content requirements in order for Flavored Malt Beverages (FMB) to be classified as beer. The proposed standard would require that in order for an FMB to be classified as beer, its alcohol content derived from distilled alcohol can not exceed 0.5%.

Beer is a unique type of alcohol that has been regulated and taxed differently than other alcoholic beverages throughout the nation's history. The distinction that beer enjoys from other alcohol products is based on its age-old production process. Its definition in the Internal Revenue Code dates back to the 1800's when the beer excise tax was first imposed by Congress. The proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages.

Although the states enjoy independent power over the regulation of alcohol, most follow the federal regulatory guidelines. This proposed rule, in addition to maintaining consistency, will help to ensure an orderly marketplace, thus avoiding costly and conliising disruptions in state licensing, taxation and distribution policies. Any of these would deal a severe blow to beer wholesalers.

Moreover, equating beer and beverages deriving a majority of their alcohol content from distilled spirits could weaken the important distinctions between beer and products with a higher alcohol content. These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. If these distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorizes themselves as beer producers.

The Maine Beer & Wine Wholesalers encourages the TTB to give final approval to the proposed "0.5% standard" on FMB's. Thank you for consideration of our support.

Sincerely,

Cheryl C. Timberlake