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CASH DISTRIBUTING CO., INC.

August 8, 2003

Attn: TTB Notice No. 4
Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
P.O. Box 50221
Washington, DC 20091-0221

Dear Sir or Madam:

Cash Distributing Company, Inc. supports the March 2003 proposed ruling by the Tax and Trade Bureau (TTB) in which alcohol content requirements for flavored malt beverages (FMIB) would be classified as beer. As the proposal indicates, an FMB product's alcohol content derived from distilled alcohol cannot be more than 0.5%.

Throughout our nation's history, beer has been regulated and taxed differently than other alcoholic beverages. The proposed ruling by the TTB goes along with the historical interpretation of what defines beer and other alcoholic beverages. The regulations of the treatment of beer is based on its age-old production and the definition in the Internal Revenue Code from the 1800's when Congress first imposed beer excise tax. The integrity of beer and the brewing process would be ensured by adoption of the "0.5% by volume standard".

States have regulatory power over alcohol, but must consistently follow federal guidelines. The proposed rule of the TTB would greatly help in maintaining order in the marketplace and would avoid costly and confusing problems in state licensing, taxation, and distribution policies. Any of these disruptions would be devastating to beer wholesalers.

If the distinctions between beer and beverages that derive a majority of their alcohol content from distilled spirits were to be more equalized, it would weaken the important differences between the two types of products. These distinctions greatly affect state and federal policies regarding regulations and taxation between beer and other alcoholic beverages.

If the traditional distinctions disappear, other producers of alcoholic beverages will, over time, attempt to put themselves in the same category as beer.

545 Commerce P.O. Box 663 Thpelo, MS 38802 (662) 842-3030 Fax: (662) 844-6104

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The distinction of beer is that it is a product made through the brewing process. It is not distilled spirits, nor is it fortified wine, both of which are made through distillation. The 0.5% standard will ensure that the integrity of beer remains as it is.

Once again, Cash Distributing Company, Inc. strongly encourages the TTh to give final approval to the proposed 0.5% standard on FMB's.

Sincerely,

Tim Hale,
General Manager