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Wholesale Beverage Distributors

SO. BURLINGTON, VERMONT 05403

THE FARRELL DISTRIBUTING CORP.

August 7, 2003

Attn: TTB Notice # 4
Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
P.O. Box 50221
Washington, D.C. 20091-0221

Dear Sir or Madam:

I am writing this letter in support of the proposed rule issued in March 2003 by the Tax and Trade Bureau. The rule outlines the alcohol content requirements necessary for flavored malt beverages to be classified as beer. Farrell Distributing Corp., a family owned beer wholesaler in Vermont strongly supports the proposal that says for a flavored malt beverage to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Our wholesale operation has been in business since 1934 and over that time beer has been regulated and taxed differently than wine or spirits. We represent beer predominantly, as well as several different flavored malt beverages. The composition of these malt products needs a common standard and a limitation like the one proposed to maintain the distinction between them and other types of alcohol.

We also reside in a control state where liquor and fortified wines are handled by the state. These products are much different than beer and should be treated differently. Stated another way they should be maintained within their current regulatory scheme to maintain consistency in their regulation and avoid confusion and a blurred definition of their category. Any expansion of the definition of malt beverages beyond the proposed rule could lead to the aforementioned confusion and create unnecessary costs and loss of productivity for regulators and businesses like ours. I'm sure local regulators would confirm that their plate is sufficiently full, as ours is, and not in need of the burden to disseminate new categories of alcohol.

Beer is made through the process of brewing. It is unique in that regard. It is not distilled and its alcohol content is much lower than that of distilled products or fortified wines. The brewing process that defines its category has worked for decades and should not be cast aside for the convenience of a few products. Should that happen the door will be open for further erosion of these product definitions and regulatory chaos will ensue.

The TTB has already proposed the appropriate solution. The March 2003 proposal of a 0.5% standard on FMB's will maintain the efficient category definitions already in place. Farrell Distributing Corp. supports this proposal and believes you will do the right thing in finalizing its approval.

Sincerely,

David J. Farrell
VP Sales