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JOHN D. EILAND CO., INC.

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August 7, 2003

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

To Whom It May Concern:

The John D. Eiland Company gives its support to the proposed rule outlining the alcohol content requirements in order for flavored malt beverages to be classified as beer as issued by the Tax and Trade Bureau (TTB) in March 2003. It is important that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot be greater than 0.5%.

Throughout our nation's history, beer has been taxed and regulated differently than other alcoholic beverages. The rule projected by the TTB is consistent with the historical interpretation of what comprises beer and other malt beverages. The distinct regulatory treatment of beer is based on its age-old production process, and its definition in the Internal Revenue Code dates back to the 1800s when Congress first imposed the beer excise tax. Adoption of the TTB "0.5% by-volume standard" would guarantee the integrity of beer and the brewing process.

It is important to maintain consistent regulations because while states enjoy rules over alcohol, most follow federal regulatory guidelines. This proposed rule would ensure an orderly marketplace while preventing expensive and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Additionally, comparing beer and beverages that contain alcohol derived from distilled spirits could weaken the distinctions between beer and products with greater alcohol content. These distinctions greatly influence state and federal policies concerning the regulation and taxation of beer and other alcoholic beverages.

If these traditional distinctions between beer and other alcohol beverages are made obsolete, other producers of alcohol beverages will begin to consider themselves as producers of beer products.

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Beer is made through the brewing process and therefore should not be closely associated with products made through the distillation process. The 0.5% standard will ensure that the integrity of beer remains.

Sincerely,

Joanie Eiland
President

bc: NBWA