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From: The Lagunitas Brewing Company [lagunitas@lagunitas.com]

Sent: Tuesday, October 21, 2003 4:39 PM

To: nprm@ttb.gov

Dear Sir or Madam:

Lagunitas Brewing Company supports the proposed regulations for products marketed as flavored malt beverages (FMBs), as set forth by the Tax and Trade Bureau (TTB) in TTB Notice No.4 of March 2003. It is appropriate that the limit of alcohol in a "beer" derived from distilled sprits be limited to 0.5% alcohol by volume. The 0.5% alcohol by volume limit is the standard for determining the tax status of beer, wine and fruit flavored concentrates, as well as juices and sodas that contain small amounts of alcohol. The 0.5% standard is fair across the board for all beverages, and should apply to FMBs with added flavors as well.

The beer industry has undergone a major revitalization in the past twenty-five years, with smaller brewers and brewpubs found in every state, every major metropolitan area, and many small towns. These small businesses employ tens of thousands of people. This is a sector of the alcoholic beverage industry that the federal government should foster and protect. The smaller players often rely on the goodwill and patronage of a single community or smaller geographic area. These businesses encourage responsible enjoyment of the unique attributes of beer, often with meals to compliment a particular beer style.

The proposed regulations return fairness to the alcohol industry that has been compromised by recent entries in the FMB category. The number of microbreweries closing since the arrival of FMBs has exceeded the number of microbreweries opening, reversing the trend and weakening the industry. In a summary, our company supports the proposed "0.5%standard" for FMBs for reasons of fairness and to protect the image of what the general public considers beer.

Tony Magee
President