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From: Bill Smith [brewer_dude@charter.net]

Sent: Tuesday, October 21, 2003 4:11 AM

To: nprm@ttb.gov

Subject: Inputs to TTB Notice #4, Flavored Malt Beverages and Related Proposals (2001R-136P)

Chief, Regulations and Procedures Division Tax and Trade Bureau PO Box 50221 Washington, D.C. 20031-0221 RE: TTB Notice #4, Flavored Malt Beverages and Related Proposals (2001R-136P) To whom it may concern: I support 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. Beer is a beverage produced from malted grains, water, hops, and yeast. It has malt flavor and hop bitterness, flavor and aroma. Beer derives its alcoholic content from the natural biologic activity of yeast--fermentation. FMBs display none of these characteristics, and should not be considered beer by any legal definition. The growth of fruit beers in the United States is a comparison. While revolutionary in their flavor and aroma, these products are clearly beers with real fruit, or flavoring, added during the brewing process. There is no mistaking the hop and malt character evident in all of these products. FMBs are not beer-like in the least. There are over 100 recognized beer style categories and subcategories in the world, as recognized by the American Homebrewers Association and the Association of Brewers. The Beer Judge

Certification Program, which sets parameters for beer evaluation and style, has not recognized FMBs as a beer style for any of the competitions they sanction.

To legally consider FMBs as beer is a threat to growing beer culture in the United States over the last 20+ years, and would be damaging to the businesses of the large and small brewers around the country. In 1978 there were only 42 breweries in the U.S.; now there are over 1400. A whole industry of small brewers has formed over this period, but that number is now shrinking again, in part due to favorable business conditions provided to FMB producers over beer brewers. Consequently, FMBs derive an unfair economic advantage which permits them to be sold at the same prices as micro-brewed or craft beers. This situation leads to the mistaken belief that FMBs are suitable consumer substitutes for beer. This is simply not the case. FMBs are unique products unto themselves which have their alcohol content derived from the addition of spirits. Their production costs and prices should therefore reflect the use of distilled spirits in their formulation.

In summary, I support the proposed "0.5% standard" for FMBs in order to preserve beer culture and to defend the image of what the general public considers beer.

Sincerely, Billie Smith
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