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GENERAL MANAGER ASSISTANT GENERAL MANAGER

August 15, 2003

ATTN: TTB Notice No. 4

Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
PO Box 50221
Washington, DC 20091-0221

Dear Sir or Madam:

In March 2003, the Tax and Trade Bureau (TTB) proposed a rule that outlines the alcohol content requirements for flavored malt beverages (FMB) to be classified as beer. Ben E. Keith Beers is in full support of the proposed rule.

Beer has been regulated and taxed differently because of its uniqueness and the age-old production process of brewing; and the proposed rule is consistent with the interpretation of what constitutes beer and other malt beverages. Adoption of the "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

Even though individual states enjoy regulatory control over alcohol, most follow federal guidelines. The proposed rule would provide consistency and help maintain an orderly marketplace. The new rule would help avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Equating beer and beverages with alcohol content derived from distilled spirits could weaken the distinction between beer and products with higher alcohol content, which could possibly impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

Beer is a beverage that is made through the brewing process and is not a distilled spirit or a fortified wine. If the distinction between beer and other alcohol beverages disappears, it will only be a matter of time before other producers of alcohol beverages try to categorize themselves as beer products. Keeping the 0.5% standard will ensure that the integrity of beer remains.

Ben E. Keith Beers encourages the TTB to give final approval to the proposed 0.5% standard on FMB's.

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cc: Kevin Bartholomew
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