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ALABAMA RETAIL

ASSOCIATION

August 13, 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:

As president of the Alabama Retail Association, an Alabama trade association that represents nearly 4,000 retailers in Alabama, I am writing today to express our support for the proposed rule recently issued in March, 2003, by the Tax and Trade Bureau that outlines the necessary alcohol content requirements in order for Flavored Malt Beverages (FMB) to be classified as beer. The proposed standard would require that in order for a FMB to be classified as beer, its alcohol content derived from distilled alcohol can not exceed 0.5%.

Beer is a unique type of alcohol that has been regulated and taxed differently than other alcohol beverages throughout our nation's history. The distinction that beer enjoys from other alcohol products is based on its age-old production process. Its definition in the Internal Revenue Code dates back to the 1800's when the beer excise tax was first imposed by Congress. The proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages.

Such policy consistency is important because most states, while enjoying regulatory power over alcohol, follow federal regulator guidelines. This proposed rule would help maintain an orderly marketplace, thus avoiding costly and confusing disruptions in state licensing, taxation, and distribution policies.

Thank you for this opportunity to share by viewpoint on this important issue. Should you require any further information, please do not hesitate to contact my office.

Sincerely,

Charles McDonald  
President

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