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BRAUN
DISTRIBUTING INC.

August 12, 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

Dear Sir or Madam:

Braun Distributing strongly supports the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirements in order for flavored malt beverages to be classified as beer. The Tax and Trade Bureau proposes that for a flavored malt beverage to be classified as beer, its alcohol content from distilled alcohol cannot exceed .5%

Beer is a unique product that has been keeping pace and taxed differently than other alcohol beverages throughout history. We feel the Tax and Trade Bureau's rule is consistent with the historical interpretation. The treatment of beer and its definition in the Internal Revenue Code dates back to the 1800s. Adoption of the Tax and Trade Bureau "0.5 by volume standard" would ensure the integrity of beer and the brewing process. We support that concept

A consistent policy is very important because while states enjoy regulatory power over alcohol, most follow federal regulatory guidelines. This proposed rule would help maintain an orderly marketplace and avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Furthermore, equating beer and beverages that derive a majority of their alcohol content from distilled spirits could weaken the important differences between beer and products with higher alcohol content. These differences impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

We feel if traditional distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

Beer is made through the brewing process. The 0.5% standard will ensure that the integrity of beer remains.

Once again, Braun Distributing strongly encourages the Tax and Trade Bureau to give final approval to the proposed 0.5% standard on flavored malt beverages.

Sincerely,

Kevin Braun
President

be: NBWA

250 West 21 Street • P.O. Box 1506 • Dickinson, ND 58602-1506 • 701-225-8454 • 701-225-1230