

<< 0042005 >>

CONNECTICUT BEVERAGE

September 16, 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:

The Connecticut Beverage Co.Inc 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 (FMIB) to be classified as beer. Specifically, the TTB proposes that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer is a unique product that has been regulated and taxed differently than other alcohol beverages throughout our nation's history. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. The distinct regulatory treatment of beer is based on its age-old production process, and its definition in the Internal Revenue Code dates back to the 1800's when Congress first imposed the beer excise tax. Adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

Consistent regulatory policy is 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.

Moreover, equating beer and beverages that derive a majority of their alcohol content from distilled spirits could weaken the important distinction between beer and products with higher alcohol content.

182 Route 32 Franklin, Connecticut 06254 (860) 887-9297
fax: (860) 642-6689 website: connbeverageco.com

<< 0042005A >>

CONNECTICUT BEVERAGE Pg2.

The 0.5% rule limits the addition of flavorings and alcohol materials to malt products to 5% or less of alcohol by volume of the finished product. This will clarify beer and contribute to the long-term viability of the FMB category. State regulators and legislators, members of Congress, federal regulators, retail constituents and beer consumers will have a clear understanding of what beer is and what beer is not.

Reformulated FMBs that look and taste the same as those currently offered will be available to wholesalers and retailers in all states with no interruption as the TTB has repeatedly indicated that a transition period will be included in the final regulations.

Sincerely,
Humbphrey Amedeo, Jr.
PRESIDENT

182 Route 32 Franklin, Connecticut 06254 (860) 887-9297
fax: (860) 642-6689 website: connbeverageco.cam