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AUGUST SCHELL BREWING CO.  
Attn: TTB Notice No.4 NEW ULM, MINN.  
Chief, Regulations and Procedures Division  
Box 50221  
Acohol and Tobacco Tax and Trade Bureau  
Washington. DC 20091-0221

Dear Sir or Madam:

August Schell Brewery supports the proposed standard of composition for Flavored Malt Beverage (FMB's), as set forth by the Tax and Trade Bureau (TTB) in TTB Notice No.4 of March 2003. This proposal is essential to the beer industry as it clearly delineates the difference between beer and other alcohol beverages, requiring that the alcohol content in FMB's derived from distilled alcohol not exceed 0.5% in order to be classified as beer.

Our company regards this proposed rule as a critical step towards consistent classification of these products. Maintaining an orderly marketplace and helping to sustain consistency of Federal leadership in this area is critical as state definitions of "beer," "malt beverage," and "spirits" are often very similar. Thus, your proposed rule will likely be followed at the state level, helping to maintain clear and distinct definitions that will guarantee consistent tax, licensing, and distribution policies for each category.

Furthermore, any alternative to the TTB proposal will likely trigger disruptive state legislative and regulatory actions. These measures could have significant ramifications for our industry and for thousands of alcohol beverage licensees, most of which are small businesses.

We affirm our company's support for the proposed "0.5% standard" for FMBs. Its consistency with historical interpretations of federal regulations will help maintain an orderly marketplace and the integrity of the beer category.

Sincerely,

Ted Marti  
President, August Schell Brewery

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