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TAVERN LEAGUE OF WISCONSIN 2817 Fish Hatchery Rd, Madison, WI 53713-5005

FROM THE DESK OF SHARON WARD. SOUTHERN ZONE VICE PRESIDENT
SEPTEMBER 3,2003

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:

Attn: TTB Notice No. 4

As Southern Zone Vice President of the Tavern League of Wisconsin, representing 1100 of the 4500 members, who all support the proposed rule issued in March of 2003 by the Tax and Trade Bureau outlining the necessary alcohol content requirements so that Flavored Malt Beverages (FMB) will continue to be classified as beer. The proposed standard would require that the alcohol content derived from distilled alcohol could not exceed 0.5% for a FMB to be classified as beer.

Beer, a unique type of alcohol, has been regulated and taxed differently than other alcohol beverages throughout our nation's history. The distinction 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 while states enjoy regulatory power over alcohol, most follow federal regulatory guidelines. This proposed rule would help maintain an orderly marketplace, avoiding 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 deriving the majority of their alcohol content from distilled spirits could weaken the important distinctions between beer and products with a higher alcohol content. These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. If these distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

Once again, the Tavern League of Wisconsin. encourages the TTB to give a final approval to the proposed "0.5% standard" on FMB's.

Sincerely,

Sharon M. Ward, Southern Zone Vice President
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