

<< 0041253 >>

TENNESSEE September 5,2003
MALT BEVERAGE
ASSOCIATION

1
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 Tennessee Malt Beverage Association (TMBA) supports the proposed 90/10 rule for flavored malt beverages (FMB) issued earlier this year by the Tax and Trade Bureau (TTB). We believe the proposed rule will create a proper national standard for FMB's that is consistent with Tennessee's legal standard for beer. Beer and alcoholic beverages have always been regulated and taxed differently in Tennessee. With the repeal of Prohibition in 1933, beer returned to Tennessee with local governments maintaining extensive control over the sale and distribution of beer.

Some years later, alcoholic beverage sales were permitted strictly under the laws and regulations of the state. The TMBA believes that the proposed 90/10 rule will maintain the important distinction between beer and alcoholic beverages that has always been recognized under Tennessee law.

This year in Tennessee, there have been legal proceedings to determine as they are now produced, should be considered beer or alcoholic beverages under state law. The Judge in the case has stayed his decision pending the final rule from the ITB. Parties to the case believe that if the TTB adopts the 0.5% standard, it will render the legal proceedings moot because the federal standard for beer will then be consistent with Tennessee law. We would welcome this outcome.

We are grateful for the efforts of the TTB in addressing the FMB issue. Again, the Tennessee Malt Beverage Association supports the final adoption of the 0.5% standard on FMB's.

Sincerely,

Rich Foge, President
Tennessee Malt Beverage Association
404 James Robertson Parkway, Suite 1605
Nashville, Tennessee 37219
615-242-7656
FAX 615/255-1005

E-mail: tnmaltbev@aol.com