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Schilling
Distributing Company, Inc.

August 7, 2003

Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
Attn: TTB Notice No. 4
P.O. Box 50221
Washington, D.C. 20091-0221

Dear Sir or Madam:

We are writing to let you know that our company, Schilling Distributing Company, 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 (FMB) to be classified as beer. In particular, we support the TTB's proposal that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5% by volume.

As you may be aware, the distinctions between beer and other alcohol beverage products has been recognized for centuries, dating back in this country at least to the 1800's. At that time, the difference between beer and spirits was recognized by the Internal Revenue Code when Congress imposed the first excise tax on our product. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. Adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

Support for this new rule is also found in today's marketplace. You are undoubtedly aware that most states currently follow federal regulatory guidelines as they relate to the governance of the alcohol industry. 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.

Beer is not distilled spirits. Beer is not fortified wine. Beer is not a product that has been made through the distillation process. Beer is made through the brewing process. This important distinction is as significant today as it was in the 1800's. The 0.5% standard will ensure that the integrity of beer remains.

Once again, Schilling Distributing encourages the TTB to give final approval to the proposed 0.5% standard on FMBs.

Sincerely,

Kenneth L. Hix
President
215 E. Pinhook Road P O. Box 2279 Lafayette, LA 70502 PH: 318 233 2337 FX 318 237-3657