WASHINGTON, DC 20510

October 21, 2003

William Foster
Chief, Regulations and Procedures Division
Alcohol & Tobacco Tax & Trade Bureau
Depaitnent of Treasury
Attn: Notice Number 4
P.O. Box 50221
Washington, DC 20091-0221

   Re: TTB Notice 4. Flavored Malt Beverages and Related Proposals

Dear Mr. Foster:

   We understand that the Tax and Trade Bureau (TTB) issued TTB Notice 4, Flavored Malt
Beverages and Related Proposals, which proposes a 0.5% alcohol by volume limit as the flavored malt
beverage (FMB) formulation standard. While we commend your overall efforts in assuring that these
beverages are labeled properly and consumed responsibly, we are informed that this proposed rule
change may result in the unintended consequence of discontinuing the manufacturing of a successful
category of product.

   It is our understanding that TTB Notice 4 proposes a standard that would not permit more than
10% of the total alcohol level in FMBs be derived from flavors. TTB's predecessor, ATF, first suggested
that limit in July of last year without the benefit of industry input. We are told that the companies have
also demonstrated to your Agency that they cannot meet that standard without compromising the product
itself. This change may lead to closing the market for these products and more importantly, cost jobs in
production facilities in our states and across the nation. We would be interested to learn of the public
policy or consumer-protection interests that TTB's proposed regulations would address.

   Further, we have been informed thai the companies have proposed a reasonable compromise
limiting the alcohol in beer coming from flavors to less than half the alcohol in the product — a
substantial change in itself— but one that will not threaten existing jobs, lose any tax revenue or cost
companies millions.

   In light of this compromise offer, we urge you to reconsider proposing regulations incorporating
last year's standard. Thank you for your prompt attention to this matter.

Sincerely,

Arlen Specter   Conrad Burns