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Bayhawk Ales
August 11, 2003

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:

Bayhawk Ales supports the proposed standard of composition for Flavored Malt Beverages (FMB's), as set forth by the Tax and Trade Bureau (TTB) in Notice NO. 4 of March 2003. This proposal is essential to the beer industry as it clearly delineates 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 alcohol beverage categories are primary concerns in the brew industry. Federal leadership in this area is critical as stated definitions of "beer," "malt beverage," and "spirits" are often similar. Thus, your proposed rule will likely be followed at 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 legislation and regulatory actions. These measures could have significant ramifications for our industry and for thousands of thousands of alcohol beverage licensees, most of which are small businesses.

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

Sincerely,

Karl Zappa
General Manager

KZ/rlh

cc: file

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