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September 14, 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:

Capitol Beverage Sales L.P. supports the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirements for flavored malt beverages (FMB) to be classified as beer. The TTB proposes for a FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer is different than other alcohol beverages. Beer has been regulated and taxed differently than other alcohol beverages throughout our nation's history. The TTB proposed rule keeps this consistency. Adoption of the TTB "0.5% by volume standard" would insure the integrity of beer and the brewing process.

Our industry needs consistency down to the local level. Consistent regulatory policy is important because while states enjoy regulatory power over alcohol, most follow federal regulatory guidelines. 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.

Importantly, equating beer and beverages that derive a majority of their alcohol content from distilled spirits could weaken the important distinctions between beer and products with higher alcohol content. These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. If traditional distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

Beer is not distilled spirits or fortified wine. Beer is not a product that has been made through the distillation process. Beer is made through the brewing process. The 0.5% standard will ensure that the integrity of beer remains. Capitol Beverage Sales L.P. encourages the TTB to give final approval to the proposed to the proposed 0.5% standard on FMB's.

Sincerely,

Timothy E. Tuuri  
Sales Manager