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ELGIN BEVERAGE CO.
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September 16, 2003

Affn: 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

To Whom It May Concern:

The purpose of this letter is to notify your organization that Elgin Beverage Co. 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. Specifically, the TTB proposes that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Throughout our nation's history, beer has been recognized as a unique product that has been regulated and taxed differently than other alcohol beverages. The TTB proposed rule is consistent with this historical interpretation of what constitutes beer and other malt beverages. The distinct regulatory treatment of beer is based on its age-old production process, and its definition in the Internal Revenue Code dates back to the 1800's when Congress first imposed the beer excise tax. The adoption of the TTB "0.5 by volume standard" would continue to ensure the integrity of beer and the brewing process.

A consistent regulatory policy is important because while states enjoy regulatory power over alcohol, most do 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

In addition, 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.

We feel strongly that 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.

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Beer is neither distilled spirits nor fortified wine. Beer is not a product that has been made through the distillation process. Beer is a very unique product made through the brewing process. The 0.5% standard will ensure that the integrity of beer remains.

Again, Elgin Beverage Co. strongly encourages the TTB to give final approval to the proposed 0.5% standard on FMB's. We thank you for your consideration in this matter.

Sincerely,

Mr. Joseph J. Jasica, Sr.
CEO/Owner

Cc: NBWA