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VA DISTRIBUTING COMPANY

September 19, 2003

Attention: TTB Notice No. 4
Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
PO box 50221
Washington, DC 2009 1-0221

Dear Sir or Madam:

Virginia Distributing Company supports the proposed rule issued in March 2003 by Tax and Trade bureau (TTB) that outlines the alcohol content requirements in order for flavored malt beverages (FMB) to be classified as beer. Specifically, the TTB proposes that for and FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer is a unique product that has been regulated and taxed differently than other alcohol beverages throughout our nation's history. The TTB proposed rule is consistent with the 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. Adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

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, and of which would deal a severe blow to beer wholesalers.

Moreover, 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, there will be a flood of other products attempting to benefit from this change and categorizing themselves as beer products.

Beer is different than wine and distilled spirits. Beer is made through a brewing process. The proposed 0.5% standard will protect the integrity of the Beer Brewing process.

Three locations to serve you:
4500 Deepwater Terminal Road 3245 Forest Brook Rd. PO Box 4210
Richmond, VA 23234 Lynchburg, VA 24501 Roanoke, VA 24015
804 743-1121 434-385-7822 540-342-3105

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Once again, Virginia Distributing Company encourages the TTB to give final approval to the proposed 0.5% standard on FMB's.

Sincerely,

Kime Patsel
President