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DBI DISTRIBUTING INC.  
Memphjs, TN 38118

Robert W. Monroe  
Vice President  
and General Manager

August 7, 2003

Attn: TTB Notice No.4  
Chief, Regulations and Procedures Division  
Alcohol and Tobacco Tax and Trade Bureau  
PO Box 50221  
Washington, D.C. 20091-0221  
Dear Sir or Madam:

We are a beer wholesaler located in Memphis, TN, DBI Distributing Inc. (DBI), and are very much concerned about the alcohol content requirements for flavored malt beverages (FMB) to be classified as beer. DBI supports the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB). Specifically, that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

As I'm sure you are aware 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. Adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

We think that consistent regulatory policy is important. 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 our industry.

It's very important not to weaken the 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 must not allow traditional distinctions to 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, but through the brewing process. The 0.5% standard will ensure that the integrity of beer remains.

DBI Distributing Inc. encourages the TTB to give final approval to the proposed 0.5% standard on FMB's.

Sincerely,

