

<< 0041548 >>

1,548

CREAT SEAL OF THE STATE OF ARIZONA 1912
ARIZONA STATE SENATE

TIMOTHY S. BEE
MAJORITY LEADER
DISTRICT 30

STATE SENATOR
FOURTY-SIXTH LEGISLATURE

CAPITOL COMPLEX, SENATE BUILDING
PHOENIX, ARIZONA 85007-2890
PHONE (602) 542-5683
TOLL FREE 1-800-8404 X5683
FAX (602) 542-3247
E-MAIL tbee@azleg.state.az.us

COMMITTEES:

APPROPRIATIONS
JUDICIARY
RULES
HEALTH AND WELFARE SUBCOMMITTEE

JOINT LEGISLATIVE BUDGET COMMITTEE
JOINT COMMITTEE ON CAPITAL REVIEW

September 17, 2003

Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
P.O. Box 50221
Washington, DC 20091-0221

Dear Sir or Madam:

As a member of the Arizona State Senate, I am writing to express my support for the U.S. Treasury's Alcohol and Tobacco Tax and Trade Bureau proposed rulemaking to flavored malt beverages. (2001R-136P).

It is my understanding that under applicable federal statutes, beer and malt beverages are taxed and regulated differently than distilled spirits-the principle distinction being whether the alcohol in the product is derived from distilling or brewing. The proposed regulation would provide that alcohol beverages would be taxed as beer and regulated as malt beverages only if less than one-half of one percent of the content of the beverage is from alcohol added through the addition of distilled spirits rather than from the brewing process. A significant number of flavored malt beverages derive most of their alcohol from flavorings containing distilled spirits rather than from fermentation during brewing.

My research indicates that the definitions of "beer" and "malt beverage" in the relevant statutes do not properly allow beverages taxed at the beer rate and regulated as malt beverages to contain unlimited amounts of added distilled spirits. Therefore, I feel it is appropriate and even necessary to propose clear standards for these products. Furthermore, regulating these products would discourage a patchwork of individual state laws and regulations where the same product may ultimately be sold as a "beer" in one state and as a "distilled spirits" in another.

While concerns have been raised regarding the ability of manufacturers to produce flavored malt beverages in accordance with the proposed regulation, brewers have already demonstrated the expertise and technical ability to brew these products under the new federal standard. Flavored malt products that look and taste the same will be

<< 0041548A >>

Page 2

September 17,2003

available to wholesalers and retailers in all states with no interruption and no discernable taste differences.

Thank you for allowing me this opportunity to state my support for the current TTB proposed rulemaking for flavored malt beverages.

Sincerely,

Timothy S. Bee
Senate Majority Leader

TSR: rd

~
~ ~

4
.i~ ~ --
~2