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Oregon Coalition to Reduce Underage Drinking [OCRUD]
Portland. OR 97221

May 27, 2003

United States Department of Treasury
Alcohol and Tobacco Tax Trade Bureau
Washington, DC 20220

Re: Regulations regarding flavored malt beverages

Dear People:

Thank you for the opportunity to comment on the proposed new rules governing flavored malt beverages. The Oregon Coalition to Reduce Underage Drinking supports the proposed rule. As we understand the rule, it would allow flavored malt beverages to be taxed at the rate of beer only if the amount of added distilled spirits amounts to -less than one-half of one percent.

Our organization is dedicated to preventing the serious problems of underage drinking. Our problem with these products is their appeal to kids. Their characterization as "malt beverages" is highly deceptive. They neither resemble beer nor do they taste like it. In fact, these products are particularly designed for the first-time drinker who doesn't like the taste of alcohol and prefers a sweet, carbonated drink with a buzz. But, it is important to remember who is the first-time drinker. Too often it is a 12 or 13 year old kid. In Oregon, one out of four eighth graders reported drinking in the past 30 days. Kids are drinking at younger and younger ages. This is particularly frightening as kids who start drinking before age 15 are 4 times more likely to become addicted than those that wait until age 21. Underage drinking is associated with the leading causes of death of our young people and contributes to academic failure.

All of these factors point to a need for greater control and scrutiny of these products. In many states, products containing alcohol from distilled spirits can only be sold in state controlled liquor stores. We think this is a good option for these products due to their attractiveness to youth. State liquor stores that have curtailed hours and prohibit minors from entering provide a better-controlled environment than grocery and convenience stores.

We are particularly dismayed at the liquor industry's attempt to avoid taxation and deceive the public by calling these products malt beverages

when most of the alcohol is actually derived from spirits. We have also been dismayed at the advertising practices for these products. A recent study of radio advertising by Georgetown University's Center on Alcohol Marketing and Youth showed that youth aged 12-20 heard 12% more malternative advertising than adults 21 and older. Clearly the industry does not exercise care to ensure they are not marketing to youth. These kinds of tactics suggest that self-regulation is not a

workable idea for alcoholic beverages. We must have regulations that require honesty with the consumer and integrity in business practices.

I urge you to adopt regulations that limit access to these products for youth and I believe the proposed regulations would further that aim.

Sincerely,

Pamela S. Erickson
Director, Oregon Coalition to Reduce Underage Drinking