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Beer & Wine
Wholesalers
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October 9, 2003

Attn: 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

Dear Sir or Madam:

The Michigan Beer and Wine Wholesalers Association supports the proposed rule issued in March 2003 by the Tax and Trade Bureau that clearly specifies the process from which no less than 90% of the alcohol contained in a flavored malt beverage must be derived.

We believe that the longstanding historical and social reasons for distinguishing beer, wine and spirits justify the regulation being promulgated as proposed. Those reasons are firmly embedded in the laws that regulate the manufacture, distribution, sales and consumption of these distinct products, and we support those laws.

The proposed regulations will ensure that what is to be called a flavored malt beverage will indeed comply with the definition of "malt beverage" as contained in the Federal Alcohol Administration Act, with what is defined as "beer" in the Internal Revenue Code and with what is defined as "beer" in the Michigan Liquor Control Code.

Allowing a product to be considered as a specific type of alcoholic liquor requires, in our opinion, that the alcohol contained in the product be derived by the process described in its definition. That is, if a product is to be considered as a malt beverage or a beer for the purposes of taxation and regulation, the alcohol in that product should be produced by the process of "fermentation of an infusion or decoction of barley, malt, hops or other cereal in potable water."

[Section
436.1105 (5) of the Michigan Liquor Control Code, defining "beer"].

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We support the proposed rule because it will ensure that regulators, the industry, and the consuming public will know that when a product is sold, advertised and distributed as a malt beverage, be it "flavored" or otherwise, it will in fact be a malt beverage.

Thank you for the consideration.

Sincerely,

Michael J. Lashbrook
President