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H E N S L E Y
& COMPANY

Anheuser-Busch Products

August 18, 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:

On behalf of Hensley, the greater Phoenix area Anheuser-Busch wholesaler, we would like to express our support for the Tax and Trade Bureau's "0.5% by-volume" standard on flavored malt beverages (FMBs). We agree with the Tax and Trade Bureau that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5% by volume.

Beer is not a distilled spirit or fortified wine and is not made through the distillation process, but rather from a brewing process. This is a major distinction between products from other producers of alcohol beverages and is crucial in retaining the integrity of beer and the long-term viability of the FMB category.

Equating beer with beverages that derive a majority of their alcohol content from distilled spirits could weaken the distinctions between beer and products with higher alcohol content. This will impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

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

Hensley appreciates TTB's support for final approval of the proposed 0.5% standard on FMB's. This rule will keep other producers of alcohol beverages from attempting to categorize themselves as beer products.

Thank you.

Doug Yonko.
VP Communications