

<< 0040951 >>

Ace Beverage Co.

401 South Anderson Street - Los Angeles, California 90033 - (323)264-6000 - (818) 246-8881

August 25, 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

To Whom It May Concern:

Ace Beverage Co. supports the Tax and Trade Bureau's rule issued in March 2003 that spells out the alcohol content requirements for a flavored malt beverage to be called a beer product. According to the Tax and Trade Bureau's rule, the alcohol content from distilled alcohol in a flavored malt beverage cannot exceed 0.5% if it is going to be called a beer.

For over 200 years, beer has been regulated and taxed in our country differently than other alcohol beverages. The rule that the Tax and Trade Bureau has proposed is consistent with the historical interpretation of what beer is. The definition of what beer is can be found in the Internal Revenue Code dating back to the 1800's when Congress first levied an excise tax on beer.

It is important to maintain consistent regulatory policies because most states follow federal regulatory guidelines as they pertain to alcohol. The Tax and Trade Bureau's proposed rule would help maintain an orderly marketplace and would prevent expensive disruptions and confusion in state licensing, taxation and distribution policies.

In addition, making beer equal with beverages that get most of their alcohol from distilled spirits would weaken the significant differences between beer and products with higher alcohol content. These differences impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. If these differences were eliminated, it wouldn't be long before producers of other alcohol beverages would try to classify their products as beer.

Beer is not the same as distilled spirits. Beer is not made through the distillation process; it is made through the brewing process. The 0.5% standard

<< 0040951A >>

t

proposed by the Tax and Trade Bureau will ensure that the integrity of beer is upheld.

In summary, Ace Beverage Co. supports and encourages the Tax and Trade Bureau to make official the proposed 0.5% standard on flavored malt beverages.

Sincerely,

John E. Anderson, Jr.
Chairman & CEO