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Tri-Eagle Sales

August 15, 2003

Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
Attn: TTB Notice No. 4
P O Box 50221
Washington, D.C. 20091-0221

Dear Sir:

As the Community Relations Director for Tn-Eagle Sales, I am urging you to support the Tax and Trade Bureau's proposed rule outlining the alcohol content requirements for flavored malt beverages to be classified as beer.

The TTB rule proposes that the alcohol content of a flavored malt beverage cannot exceed 0.5% in order for it to be classified as beer. This is consistent with the historical interpretation of what constitutes beer and other malt beverages. Since its inception, beer has been a unique product that has been regulated and taxed differently than other alcoholic beverages.

The integrity of beer and the brewing process would be ensured with the adoption of the 0.5 by volume standard and would help maintain an orderly marketplace. This would help avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to the many beer wholesalers in our nation.

The definition of beer in the Internal Revenue Code dates back to the 1800s when Congress first imposed the excise tax on beer and the regulatory treatment of beer is based on its age-old production process.

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While states have regulatory Power Over alcohol, a Consistent Policy is important because most states follow the federal guidelines

Comparing beer and beverages that get a majority of their alcohol content from distilled spirits could weaken the important distinctions between beer and products with higher alcohol content. These distinctions impact state and federal Policies regarding the regulation and taxation of beer and other alcoholic beverages.

If these traditional distinctions disappear, it will only be a matter of time before other producers of alcoholic beverages attempt to pass their product off as "beer."

Beer is made through the brewing process, not a distillation process. It is not a distilled spirit or a fortified wine. The 0.5% standard will ensure that the integrity of beer remains intact.

Tn-Eagle Sales encourages the Tax and Trade Bureau to give final approval to the proposed 0.5% standard for flavored malt beverages.

Sincerely,

Sasha Erickson
Community Relations Director