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MILLER BREWING CO  
SINCE 1855  
MILWAUKEE. WIS. USA

NORTHEAST SALES DISTRIBUTING, INC.

August 13, 2003

Attn: TTB Notice No. 4  
Chief, Regulations and Procedures Division  
Alcohol & Tobacco Tax and Trade Bureau  
P.O. Box 50221  
Washington, D.C. 20091-022 1

To whom it concerns:

Northeast Sales Distributing Co. greatly, supports the proposed rule by the Tax and Trade Bureau that outlines the necessary alcohol content requirements, in order for Flavored Malt Beverages (FMB) to be classified as beer. The proposed standard would require that in order for an FMB to be classified as beer, its alcohol content derived from distilled alcohol cannot exceed 0.5%.

The distinction that beer enjoys from other alcohol products is based on its production process. Its definition in the Internal Revenue Code dates back to the 1800's when the beer excise tax was first imposed by Congress. The proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages.

Such policy consistency is important because while states enjoy regulatory power over alcohol, many follow federal regulatory guidelines. This proposed rule would help maintain an orderly marketplace, thus avoiding costly and confusing disruptions in state licensing, taxation and distribution policies, as well as opening the door to consumer confusion.

Additionally, equating beer and beverages with their alcohol content from distilled spirits could weaken the important distinctions between beer and products with a higher alcohol content. These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. If these distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products, creating federal, state and consumer confusion.

Once again, we support the Tax and Trade Bureau's efforts to give a final approval to the proposed "0.5% standard" on FMB's.

Yours truly

David C. Black  
Vice President/General Manager

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