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BudCo
COMPANIES

August 8, 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:

BudCo, Ltd. supports the Tax and Trade Bureau's (TTB) proposed rule issued in March 2003. The TTB proposes that in order for flavored malt beverages (FMB) to be classified as beer, its alcohol contents from distilled alcohol cannot exceed 0.5%.

Throughout our nation's history, beer has been regulated and taxed differently than other alcohol beverages based on its age-old brewing process. And, its definition in the Internal Revenue Code dates back to the 1800s when Congress first imposed the beer excise tax. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. Adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

It is important to have consistent regulatory policy because while states have regulatory power over alcohol, most follow federal regulatory guidelines. This proposed rule would help maintain an orderly marketplace and avoid costly and confusing disruption in state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Beer is not distilled spirits, fortified wine, nor made through the distillation process. Equating beer and beverages that drive a majority of their alcohol content from distilled spirits would 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 alcohol categorize encourages the TTB to give final approval to the proposed 0.5% standard on FMBs. beverages. If distinctions disappear, other producers of alcohol beverages will attempt to themselves as beer products. The 0.5% standard will ensure the integrity of beer.

Sincerely,

J.J. Amaro
Vice President of Marketing

JJA/gcm

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