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SPIRIT
DISTRIBUTING CO.

September 8th, 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:

Spirit Distributing Inc. supports the proposed rule published in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirements in order for a flavored malt beverage (FMB) to be classified as a beer. Specifically the TTB proposes that for an FMB to be classified as a beer, its alcohol content from distilled spirits cannot exceed 0.5%.

Equating beer and beverages that derive 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 alcohol beverages.

Beer has always been taxed differently than other alcohol beverages. Consistent regulatory policy is important because while states enjoy regulatory power over alcohol, they must follow federal regulatory guidelines. This proposed rule would help avoid confusion. Beer is not distilled spirits. Beer is not fortified wine. Beer is a product that is made through the brewing process. The 0.5% standard will keep the integrity of brewing intact and separate from spirits and wine.

Once again, Spirit Distributing Inc. encourages the TTB to give final approval to the proposed 0.5% standard on FMB's.

Sincerely,

David Morrison
Vice President / General Manager