

ST. LOUIS BEVERAGE COMPANY

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

Dear Sir or Madam:

St. Louis Beverage Co. supports the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirements in order for flavored malt beverages (FMB) to be classified as beer. Specifically, the TTB proposes that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%, which proposal is based on strong historical results from the implementation of the 21st Amendment.

The 21st Amendment established the basic structure for the alcoholic beverage trade in the United States: 1. A 3-tier system with each tier defined and independent from the other designed to eliminate collusion, (collusion designed to eliminate competition and/or charge the consumer exorbitant prices) among the three tiers {producer, distributor, and retailer} which it still does today. 2. Efficient tax collection at the federal, state and local level (all of which begins with meters measuring production at the producer tier on which production all other taxation is based, the most efficient method of calculating and collecting taxes in our entire tax system). 3. It defined by certain combinations of the ingredients and alcoholic content what beer, wine and distilled spirits (all with their many varieties) are in the U. S. Then based on the alcoholic content, not simply the liquid volume, designed a fair level of taxation for each, which taxation system has also fostered moderation in consumption.

Most states in writing their Liquor Control Acts have mirrored this structure, as have most other nations. The system may be 70 years old, which, rather than being looked upon as a negative, is a strong positive indication that it continues to serve the purpose for which it was designed, efficient tax collection and a guide to moderate consumption.

The requests to seek change in this structure are driven by a desire for profits while closing eyes and ears to how well the concept has served us all.

It is not the taxes causing a problem.

The interests of those seeking a change will be better served by designing a marketing and sales program to take the products to the consumer, just as all other consumer products must do.

Sincerely,

I. J. Reinhardt, Jr.

General Manager

IJR/or

P.O. Box 765 . Canal Road & Route 6 East . Ottawa, Illinois 61350 (815) 433-0365 . (800) 345-0365 Fax: (815) 433.4018