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Classic Brands
Chillicothe, Ohio 45601-9030

Attn: TTB Notice No.4
August 7, 2003
Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
PO Box 50221
Washington, D.C. 20091-0221
Dear Sir or Madam:

Classic Brands is a supporter of the proposed rule issued in March 2003 by the 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%.

Beer is unique in that it has been regulated and taxed differently than other alcohol beverages throughout our country's history. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. The distinct regulatory treatment of beer is based on its longstanding production process, and its definition in the Internal Revenue Code dates back to the 1800s when Congress first imposed the beer excise tax. Adoption of the TTB "0.5% by volume standard" would guarantee the integrity of beer and the brewing process.

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

Moreover, equating beer and beverages that take 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 concerning the regulation and taxation of beer and other alcohol beverages.

If traditional distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

Beer is not distilled spirits. Beer is not fortified wine. Beer is not a product that has been made through the distillation process. Beer is made through the brewing process. The 0.5% standard will ensure that the integrity of beer continues.

Again, Classic Brands encourages the TTB to give final approval to the proposed 0.5% standard on FMBs. Thank you for your time and consideration.

Sincerely,

Matt Litter
Vice President

Budweiser

KING OF BEERS.
WE ALL MAKE A DIFFERENCE
THANKS FOR DRINKING RESPONSIBLY