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BUDWEISER KING OF BEERS
KING WHOLESALE, INC.
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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:

King Wholesale, Inc. heartily endorses the Tax and Trade Bureau (TTB) standard that requires, in order for a flavored malt beverage (FM B) to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

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 brewed. The TTB proposed rule is consistent with the historical definition of what constitutes beer and other malt beverages. This regulatory distinction regarding beer is based on its age-old production process, and its definition in the Internal Revenue Code dates back to the 1800s when Congress first imposed the beer excise tax. The adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

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. 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. Most states follow federal regulatory guidelines. This proposed rule would avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Once again, King Wholesale, Inc. encourages the TTB to give final approval to the proposed 0.5% standard on Flavored Malt Beverages.

Very truly yours,

Paul E. Kyle
President