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North Dakota Farm Bureau

October 13, 2003

Chief, Regulations and Procedures Division  
Alcohol and Tobacco Tax and Trade Bureau  
PO Box 50221  
Washington, D.C. 20091-0221

Attn: Notice No. 4  
Dear Sir/Madam:

North Dakota Farm Bureau supports the U.S. Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB) proposed rule issued in March 2003 for flavored malt beverages (FMB). Specifically, the TTB proposes that for a FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5 percent.

The TTB proposed rule is consistent with the historic interpretation of the definition of beer and other malt beverages. The unique properties of beer have provided differentiated regulation and taxation from other forms of alcoholic beverages throughout U.S. history. Adoption of the standard will maintain an orderly marketplace and meet consumer expectations for product consistency.

Maintaining a consistent regulatory policy is important because states have regulatory power over alcohol taxation and distribution. FMBs will be distributed with consistent state tax, license and distribution laws with implementation of the TTB's proposed rule. The proposed rule would eliminate the likelihood of a patchwork of individual state laws and regulations where the same product maybe marketed as a distilled spirit in one state, while marketed as beer in an adjoining state.

There have been concerns expressed relative to the ability of manufacturers to produce FMB products in accordance with the proposal. Brewers have already demonstrated the expertise and technical ability to brew these products under the new federal standard. Consumers, retailers, distributors and wholesalers will see no interruption, nor will consumers discern any taste differences, under the proposed rule.

We encourage the TTB to give final approval to the proposed 0.5 percent standard on FMBs.

Sincerely,

Eric Aasmundstad  
President

One future One voice.