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Andrew Gregory Greg Jones
GENERAL MANAGER ASSISTANT GENERAL MANAGER

September 8, 2003

Attn: TTB Notice No. 4
Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
PO Box 50221
Washington, D.C. 20091-0221

Dear Sir or Madam:

In March 2003, the Tax and Trade Bureau (TTB) proposed a rule to outline the alcohol content requirements for flavored malt beverages (FMB). Ben E. Keith supports this proposed rule keeping beer and other FMB in a separate classification with an alcohol content not exceeding 0.5% alcohol.

Historically, the interpretation of what constitutes beer and other malt beverages dates back to the 1800's when Congress imposed the beer excise tax. The uniqueness of beer, and the process by which it is brewed, has separated beer from other alcohol beverages in the way it has been regulated and taxed.

Beer is not distilled and is not a fortified wine. Beer is made through the brewing process, and equating beer and other beverages that get the majority of their alcohol content from distilled spirits, could weaken the important distinctions between the two types of alcohol beverages. This could also weaken the differences between beer and products with higher alcohol content. 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.

Even though states are the regulators of alcohol beverages, most of the states follow federal guidelines. Being consistent in regulatory policy would help maintain an orderly marketplace and avoid costly and confusing disruptions in state licensing, taxation and distribution policies; and avoid a severe blow to beer wholesaler.

Once again, Ben E. Keith Beers encourages the TTB to give final approval to the proposed 0.5% standard on FMBs.

Sincerely,

Andrew Gregory
General Manager,
Ben E. Keith Beers
Palestine, Texas

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