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KING OF BEERS

COUNTY DISTRIBUTING CO., INC.  
August 28, 2003

Chief, Regulations and Procedures Division  
Tax and Trade Bureau  
P.O. Box 50221  
Washington, DC 20091-0221

Re: TTB Notice No.4  
Dear Sir,

We support the proposed rule issued by the Tax and Trade Bureau (TTB) in March 2003, which proposes for a flavored malt beverage (FMiB) to be classified as beer, the distilled alcohol content cannot exceed 0.5%.

Throughout history, beer has been taxed and regulated differently than other alcohol products because beer is a unique product. Beer is not a distilled spirits, a fortified wine, and not a product that is made through the distillation process. Beer is a product that is made through a brewing process. Consistency with history's interpretation of what constitutes beer and other malt beverages is shown with the proposed rule by TTB. Adoption of the TTB "0.5 by volume standard" ensures age-old production brewing process and the integrity of beer.

While most states follow federal regulatory guidelines, some enjoy regulatory power over alcohol; this proposed rule would help maintain consistent regulatory guidelines, as well as an orderly marketplace, avoiding costly and confusing disruptions in state licensing, taxation and distribution policies. We have operations in two adjoining states and are very aware how inconsistency between them is detrimental to consumers.

Distinctions between beer and beverages that derive a majority of their alcohol content from distilled spirits impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. Equating the two could weaken the important distinctions, and it would only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

Again, County Distributing supports the TTB in giving final approval to the proposed 0.5% standard on Flavored Malt Beverages.

Sincerely,

Paul Beykirch  
President

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