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State of South Carolina

Department of Revenue
MARK SANFORD BURNET R. MAYBANK, III
Governor Director

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

Attn: Notice 4

Dear Sir or Madam:

The South Carolina Department of Revenue regulates the sale of beer in South Carolina. I am writing to express my support for the U.S. Treasury's Alcohol and Tobacco Tax and Trade Bureau proposed rulemaking for flavored malt beverages (2001 R- 13 6P).

In clarifying that any product sold, marketed and taxed as a malt beverage product must be made according to traditional brewing methods and processes, the proposed 0.5% standard ensures the stability of the retail licensing system and the overall marketplace. This consistent standard will allow wholesalers and retailers to continue to distribute, sell and market flavored malt beverages as they do today. The flavored malt beverage products that look and taste the same will be available to wholesalers and retailers in all states with no interruption and no discemable taste differences for consumers.

Incidentally, my staff tells me that the current industry production methods are rife with abuse. The so-called flavored malt beverages contain mostly alcohol from the distillation process which is used to mix the flavors, but are taxed at the much lower malt beverage rate. The proposed rules would fix this abuse.

Thank you for the opportunity for me to offer my support for the current TTB proposed rulemaking for flavored malt beverages.

Yours very truly,

Burnet R. Maybank, III
Director

BRM/afw
Cc: Nick Sipe