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September 9, 2003

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

Formerly Utah Retail Grocers Association
and Utah Association of Convenience Stores
1578 W. 1700 So., Ste. 200 Dear Sir or Madam:
Salt Lake City, UT The Utah Food Industry Association supports the proposed rule recently
84104-3470 issued in March of this year, by the Tax and Trade Bureau that outlines the

Phone: (801) 973-9517 necessary alcohol content requirements in order for Flavored Malt Beverages to
UT 1(800) 423-6636 be classified as beer. The proposed standard would require that in order for a
Fax: (801) 972-8712 flavored Malt Beverage to be classified as beer, its alcohol content derived from
distilled alcohol could not exceed 0.5 percent.
James V. Olsen, President Beer is a unique type of alcohol that has been regulated and taxed differently

than other alcoholic beverages throughout our nation's history. The distinction
that beer enjoys from other alcohol beverage products is based on its production
process. Its definition in the Internal Revenue Code dates back to the 1800's
when the beer excise tax was first imposed by Congress. The proposed rule is
consistent with the historical interpretation of what constitutes beer and other
malt beverages.

Such policy consistency is important because most states, while enjoying
regulatory power over alcohol, follow federal regulatory guidelines. This
proposed rule maintains an orderly marketplace, thus avoiding costly and
confusing disruptions in our state licensing, taxation, and distribution practices.

The Utah Food Industry Association is the state alliance of grocery and
convenience store retailers and their product and service suppliers. Our members
represent approximately \$3.4 billion in sales annually and operate over 750
stores, manufacturing facilities, distribution systems and centers statewide.

We again reaffirm our support for the 0.5 percent standard for
Flavored Malt Beverages and urge its final adoption in the near future.
Thank you for the opportunity to express our position on this most important
issue.

Sincerely,

James V. Olsen
President