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PEARCE BEVERAGE Co.

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October 13, 2003

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

Dear Sir or Madam:

I support the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB) that states that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer is a unique product that has been regulated and taxed differently than other alcohol beverages throughout our nation's history. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. Adoption of the TTB 0.5% by volume standard" would ensure the integrity of beer and the brewing process.

This proposed rule would help maintain an orderly marketplace and avoid costly and confusing disruptions in state licensing, taxation and distribution policies. Equating beer to beverages that derive a majority of their alcohol content from distilled spirits could weaken the important distinctions between beer and products with higher alcohol content. These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

Beer is not distilled spirits. Beer is not fortified wine. Beer is not a product that has been made through the distillation process. Beer is made through the brewing process. The 0.5% standard will ensure that the integrity of beer remains.

Sincerely

Arthur L. Pearce II
Chairman