

Beer and Wine Distributors of Arizona
201 E. Washington, Suite 1100
Phoenix, AZ 85004-23 85

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

Dear Sir or Madam:

The Beer and Wine Distributors of Arizona (BWDA) is the trade association of 14 member distributors that sell the vast majority of beer in the State of Arizona. Several of our members are also active in selling wine as well.

The BWDA supports the rule proposed in March 2003 by the Tax and Trade Bureau concerning alcohol content of flavored malt beverages.

The Trade and Tax Bureau performed a careful analysis of the history of regulation of beer and malt beverages and correctly concluded that a ".05 by volume standard" maintained necessary distinctions in regulation between beer and other products. Beer is a product that is made through the brewing process, not through distillation. It has been taxed and regulated separately from other alcohol products since the early days of this country. The proposed rule is clear and easy to understand.

Maintaining a clear definition on what constitutes beer serves an important regulatory goal. Federal and state regulators and regulated businesses benefit from rules that are clear for all parties.

But the makers of some other alcohol products seek to blur the historic distinctions in order to gain tax or regulatory advantage. Blurring the definition of beer in this situation would allow their future efforts to expand vague categories in order to ultimately break down distinctions in the law in the regulation and taxation of beer as compared to other alcohol products. But blurring the historic lines will inevitably cause confusion in the states in their tax and regulation policies and in future federal regulation issues. There is no value to policy makers or to the majority of the regulated community in creating such confusion.

We support the proposed rule on alcohol content for flavored malt beverages.

Very truly yours,

Philip J. MacDonnell
Counsel