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JENNINGS  
DISTRIBUTING

September 10, 2003

Attn: Trade and Tax Bureau Notice #4  
Chief, Regulations and Procedures Division  
Alcohol and Tobacco Tax and Trade Bureau  
POBox 50221  
Washington, D.C. 20091-0221

Dear Sir or Madam:

Jennings Distributing strongly supports the proposed rule issued in March 2003 by the Trade and Tax Bureau (TTB) that outlines the alcohol content requirements for flavored malt beverages (FMB), to be classified as beer. We agree with the proposed TTB classification limiting FMB's to 0.5% alcohol content from distilled alcohol. Clearly defining the differences will continue to appropriately differentiate beer (malt beverages) from distilled spirits.

The TTB proposal at 0.5% is consistent with historical distinctions defining malt beverages and the integrity of the brewing process. The distinct regulatory treatment of beer is based on its historical production process, and its definition in the Internal Revenue Code dating back to the 1800's

Consistent regulatory policy is important in maintaining an orderly business environment and avoiding costly and confusing disruptions in licensing, taxation, and distribution. Any of these disruptions would adversely affect my business.

Once the line of distinction is lost between beer, distilled spirits, and wine it will be only a matter of time before producers of alcohol beverages attempt to masquerade as beer impacting state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

Please maintain the integrity of beer and the brewing process. Jennings Distributing encourages the TTB to give final approval to the proposed 0.5% standard.

Sincerely,

Lance B. Kahn  
President  
Jennings Distributing

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