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Andrew Gregory Greg Jones
GENERAL MANAGER ASSISTANT GENERAL MANAGER

September 8, 2003

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

Dear Sir or Madam:

I am writing in response to the final vote on the rule outlining the alcohol content requirements for flavored malt beverages (FMB) that the Tax and Trade Bureau will be considering. Ben E. Keith Beers would urge you to support the new rule.

When Congress first imposed the beer excise tax in the 1800's, the brewing process by which beer is made gave beer and its age-old production process a distinct difference from alcohol beverages deriving alcohol content from distilled spirits. Keeping this distinction would help maintain an orderly marketplace and avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Beer is not distilled spirits and is not a fortified wine. Beer is brewed and not distilled. Historically beer has been viewed as a unique product that has been regulated and taxed differently than other alcohol beverages.

The states enjoy regulatory control over alcohol beverages, however most of them follow the guidelines set up by the federal government. Consistency in the regulatory policy is very important to keeping the two types of beverages separate. By equating beer and beverages that derive their alcohol content from distilled spirits could weaken the important distinctions between beer and products with higher alcohol content. If traditional distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products. Any distinction could impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

Please vote for the final approval of the proposed 0.5% standard on FMBs.

Sincerely,

Greg Jones
Assistant General Manager
Ben E. Keith Beers
Palestine, Texas

BEN E. KEITH BEERS
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