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GATE CITY BEVERAGE DISTRIBUTION
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September 29, 2003

Mr. William Foster
Chief
Regulations and Procedures Division
ATTN: Notice No. 4
Alcohol and Tobacco Tax and Trade Bureau
Post Office Box 50221
Washington, D.C. 20091-0221

RE: TTB Notice No. 4

Dear Mr. Foster:

I work at Gate City Beverage, a local private independent distributor in Southern California, that distributes flavored malt beverages (FMB's). Because my job depends on the future viability of FMBs, I strongly oppose TTB's proposal to limit the alcohol contribution from flavoring materials in these beverage products to 0.5% alcohol by volume. In order to establish a more rational standard, I urge TTB to adopt a majority standard that would allow less than 50% of the alcohol content in FMBs to come from flavoring materials.

For years, TTB has allowed brewers to produce and sell FMBs that derive a majority of their alcohol from flavoring materials. Notice No. 4 now claims that a 0.5% standard is necessary to prevent consumer confusion. In my job, I have the opportunity to work with an array of wholesalers, retailers, and consumers. Based on what I have learned from all of them, there is little to no consumer confusion because consumers are not concerned with the source of alcohol in FMBs. Rather, they select FMBs on the basis of their taste and cost.

Notice No. 4 also notes that state alcohol beverage authorities have urged TTB to establish regulatory limits on the addition of alcohol to malt beverages from flavors. While a nationally uniform standard could benefit both state regulators and the FMB industry, Notice No. 4 gives no reason why the proposed 0.5% standard is the only way to accomplish this goal.

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Now that FMBs are enjoying a strong growth in sales, it appears that a new standard would eliminate the healthy market competition that now exists. I strongly urge TTB to adopt a rule that all companies can meet -- a majority standard that caps the alcohol contribution derived from flavoring materials contained in an FMIB to less than 50% of the product's alcohol content. A majority standard would prevent consumer confusion if any exists, establish a nationally uniform standard that would assist the federal government and the states in regulating FMBs, and preserve both market stability and competition.

For the sake of consumers and hard-working Americans like myself I encourage TTB to reject the proposed 0.5% standard for FMBs and to work with the FMB industry to achieve a more reasonable and workable set of rules that can preserve and promote this valuable product category.

Sincerely,

Bill Givens
Vice President of Sales
Gate City Beverage