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The WINNER Distributing Company

August 8, 2003

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

Attention: TTB Notice No.4

Dear Sir:

The Winner Distributing Company supports the proposed rule issued in March 2003 by the Tax and Trade Bureau outlining the alcohol content requirements permitting flavored malt beverages to be classified as beer. Specifically, the Tax and Trade Bureau proposes that for a flavored malt beverage 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 Tax and Trade Bureau proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. The distinct regulatory treatment of beer is based on its production process, and its definition in the Internal Revenue Code dates back to the 1800's when Congress first imposed the beer excise tax. Adoption of the Tax and Trade Bureau's "0.5 by volume standard" would insure the integrity of beer and the brewing process.

Consistent regulatory policy is important because while states enjoy regulatory power over alcohol, most follow federal regulatory guidelines. This proposed rule 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. Moreover, equating beer and 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.

If traditional distinctions disappear, other producers of alcohol beverages will, in the future, attempt to categorize themselves as beer products.

Beer is not distilled spirits nor is beer fortified wine. Beer is not a product that has been made through the distillation process. Beer is made through a brewing process. The 0.5% standard will insure that the integrity of beer remains.

Once again, The Winner Distributing Company encourages the Tax and Trade Bureau to grant final approval to the proposed 0.5% standard on flavored malt beverages.

Sincerely yours,

John Daue
Executive Vice President