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GEORGIA ALCOHOL DEALERS ASSOCIATION, INC.

28 August 2003

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

Attn: TIB Notice No. 4

The Georgia Alcohol Dealers Association supports the proposed rule recently issued in March 2003 by the Department of the Treasury and the Tax and Trade Bureau that outlines alcohol content requirement for Flavored Malt Beverages (FMB). However, we do not support other approaches, such as the one requiring that a majority of a product's alcohol is derived from fermentation at the brewery, i.e. the 50/50 standard. While the predominant text of the TTB proposal "seems" to lean towards a standard of not more than one-half of one percent alcohol by volume (0.50/alc/vol), we wish to underscore our opposition to any regulatory scheme that would allow more than 0.5% alcohol by volume, in the production, distribution, or retail sale of beer or malt beverages, aka Flavored Malt Beverages.

We applaud your statement of purpose (in the 0.5% alcohol by volume standard, only), that you seek to ensure that flavored malt beverages comply with the requirement of the Internal Revenue Code of 1986 with respect to composition, premise where produced, appropriate tax rate, and system of distribution.

On April 10, 2002, the Georgia House of Representatives adopted HR 1227, urging the BATF and the Director to reconsider its actions in approving labels on malt beverage products that included distilled spirits. We are extremely grateful for subsequent approval of labeling restrictions, and inclusion of labeling restrictions in current proposals. Your past action, and current proposal, will better ensure that consumers are not misled, and that a clear distinction of product prevails with state and federal policies relative to the regulation and taxation of beer and other beverage alcohol products.

It is also important to note that the promulgation of the 0.50/0 standard will be beneficial to the states. While the individual states enjoy regulatory power over beverage alcohol products, most follow federal regulatory guidelines when it comes to classification of product and labeling restrictions. Moreover, most states do not have the laboratory facilities to ensure that manufacturers are complying with percentage standards, and this should be a function of TTB.

Again, the Georgia Alcohol Dealers Association encourages the TTB to give final approval to the proposed "0.5% standard" on Flavored Malt Beverages. We trust that such approval will be forthcoming in the near future, as delay will tend to create several problems for the individual states, various segments of the beverage alcohol industry, and consumers.

Sincerely,

GEORGIA ALCOHOL DEALERS ASSOCIATION, INC.

Ed McGill

Executive Director

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