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BUDWEISER

September 2, 2003

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

Dear Sir or Madam:

Rex Distributing Company, Inc. of Gulfport, Mississippi supports the proposed rule issue in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirements in order for flavored malt beverages (FMB) to be classified as beer. Specifically, the TTB proposes that for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Throughout our nations history beer has been a unique product that has been regulated and taxed differently than other alcohol beverages. The TTB proposed rule is consistent with historical interpretations of what constitutes beer and other malt beverages. The distinct regulatory treatment of beer is based on its centuries-old production process, and its definition in the Internal Revenue Code dates back to the 1800s when Congress first imposed the beer excise tax. Adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

Consistent regulatory policy is important because while states do have regulatory power over alcohol, most look to the federal authorities for regulatory guidelines. This proposed rule proposed rule would help maintain an orderly marketplace and avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which could cause severe problems to a business such as ours as well as our employees and ultimately the consumer.

Equating beer and beverages that get most 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 and historical distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

REX DISTRIBUTING COMPANY, INC.
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Beer is not distilled spirits or hard liquor. Beer is not fortified wine. Beer is not a product made through the distillation process nor is it a product that merely has alcohol added to it. Beer is made through the brewing process and it has been made this way for centuries. The 0.5% standard will ensure that the integrity of this truly American product remains.

Once again, Rex Distributing Company, Inc. encourages the TTB to give final approval to the proposed 0.5% standard on FMBs. Your favorable consideration of our request is greatly appreciated.

Sincerely,

Sales Manager
Rex Distributing Company, Inc.