

Chief Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
P.O. Box 50221
Washington, D.C.
20091-022 1

Dear Sir or Madam:

I, and my firm, Portland Brewing Company, unequivocally support the proposed change in the law concerning alcohol in flavored malt beverages that would lower the acceptable amount to no more than 0.5% by volume.

At present there are a great many products on the market that were designed to circumvent the tax structure of the law which taxes beer, wines and distilled spirits at different rates. Some of these products derive as much as 95% of their alcohol from flavorings, which contain large amounts of distilled alcohol. This is confusing to the public, a loss for the brewing industry and lost revenue for the government.

Beer should contain alcohol derived from the fermentation of sugars derived from grain. The addition of alcohol from distillation should render the resultant product a distilled spirit with the appropriate taxation. By drawing the line at 0.5% by volume, you will be able to keep the flavored malt beverage category viable while insuring that beverages are taxed at the appropriate level and the consumer will know that the malt beverage that he is consuming is not in reality a distilled spirit. Portland Brewing Company and I stand firmly behind this proposed rule change by the Tax and Trade Bureau.

Sincerely,

Alan Kornhauser
Brewmaster
Portland Brewing Company