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Budweiser
KING OF BEERS

September 9, 2003

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

Dear Sir or Madam,

To introduce myself my name is Dan Levine and I am the owner of K & L Distributors, Inc., a beer wholesaler located in Washington State. Our company provides distribution in Washington, Oregon and Alaska.

I felt a sense of urgency to write in support of the proposed rule issued 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 for an FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer is a distinctive product that has been regulated and taxed differently and more frequently than any other alcohol beverage in our nation's history. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. The unique regulatory treatment of beer is based on its age-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 ".05 by volume standard" would ensure the integrity of beer and the brewing process.

Consistent regulatory policy is crucial, because while states enjoy regulatory power over alcohol, most follow federal regulatory guidelines. This proposed rule would assist in maintaining 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.

K & L DISTRIBUTORS, INC.

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If traditional distinctions disappear, it will only be a matter of time before other products of alcohol beverages attempt to categorize themselves as beer products. Beer is not distilled spirits, is not fortified wine, nor has been made through the distillation process. Beer is made through the brewing process. The 0.5% standard will ensure that the integrity of beer remains.

Once again, K & L Distributors, Inc. and all of its employees encourage the TTB to give final approval to the proposed 0.5% standard on FMBs. Thank you for your time and consideration.

Sincerely,

Daniel B. Levine
President/CEO
K & L Distributors, Inc.

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