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September 29, 2003

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

Dear Sir or Madam:

As the Speaker of the House of the Arizona Legislature, I am writing to express my support for the U.S. Treasury's Alcohol and Tobacco Tax and Trade Bureau proposed rulemaking for flavored malt beverages. (2001R-136P). The proposed regulation permits the addition of flavorings and other materials containing alcohol to malt beverage products only if the alcohol from such materials constitutes less than 0.5% by volume of the finished product. This new rule would require all flavored malt beverages to be made according to traditional brewing methods and processes.

I believe the TTB's action is an important clarification of federal alcohol beverage categories established to maintain an orderly US marketplace. Further, I believe the debate surrounding the proposed standard poses important issues for the stability of the retail licensing system and the overall marketplace.

However, absent a national standard rooted in existing law and regulation, manufacturers, retailers, and wholesalers will face a potential for a patchwork of individual state laws and regulations where the same product may ultimately be sold as "beer" in one state and as a "distilled spirits" in another.

Finally, while there are some who have concerns regarding the ability of manufacturers to produce FMB products in accordance with the new proposal, as you may know, brewers have already demonstrated the expertise and technical ability to brew these products under the new federal standard. The FMB products that look and taste the same will be available to wholesalers and retailers in all states with no interruption and no discernable taste differences for consumers.

Thank you for this opportunity for me to offer my support for the current TTB proposed rulemaking for flavored malt beverages.

Sincerely,

JAKE FLAKE
Speaker of the House