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____ Montana Department of Revenue
Linda Francis Judy Martz
Director Governor

October 2, 2003

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

Subject: Notice No. 4

Flavored Malt Beverages and Related Proposals

Dear Mr. Foster:

This letter is submitted by the Montana Department of Revenue in response to the Notice of Proposed Rulemaking regarding a standard for flavored malt beverages and related proposals, 68 Federal Register 14292, March 24, 2003. The Department of Revenue is the agency tasked with the regulation of the manufacture, distribution and sale of alcoholic beverages in Montana. This letter is to express the department's total agreement with the proposed regulation concerning flavored malt beverages.

We, like many other states, believe it could be detrimental to both regulatory agencies and the industry if there are inconsistent classifications of these products in different states. For this reason we encourage the TTB to continue its review of the issues and establish appropriate guidelines and parameters.

This department supports the proposed 0.5% alcohol by volume standard and would encourage the promulgation of this rule without further modification. We also support TTB's proposal to require a mandatory statement of alcoholic content on a brand label for FMBs containing alcohol from sources other than from the brewing process [proposed new rule sec. 7.22 (a) (5)1. It has been our experience that a statement of alcoholic content is beneficial to customers. I believe it is essential in the case of FMBs that alcohol content be stated because a significant number of brand labels are, at first glance, virtually identical to distilled spirits product labels; or resemble popular non-alcoholic juices, sodas, bottled waters and energy drinks.

We urge TTB to adopt the proposals as soon as possible and require industry compliance in as short a period as is reasonable. Additionally, implementing the proposed rule as currently drafted would not require any statutory changes to the Montana liquor laws.

If I can be of any further assistance or you require additional information, please do not hesitate to contact me.

Sincerely,

Linda M. Francis
Director

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