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GATE CITY BEVERAGE DISTRIBUTORS

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August 7, 2003

Attn: UB 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:

Gate City Beverage supports 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 (FlvFB) 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%.

Beer is a unique product that has been regulated and taxed differently than other alcohol beverages throughout our nation's history. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other

malt beverages. Adoption of the TtB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

If traditional distinctions disappear, it will only be matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

Beer is not distilled spirits. Beer is not fortified wine. Beer is not a product that 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, Gate City Beverage encourages the TTB to give final approval to the proposed 0.5% standard on FMBs.

Bud Watts  
VP Operations

