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Budweiser  
KING OF BEERS

August 26, 2003

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

Dear Sir or Madam:

Markstein Beverage Company supports the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirement in order for flavored malt beverages to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer is a different product that has been regulated and taxed differently than other alcoholic beverages for several years. The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. The distinct regulatory treatment of beer is based on its age-old production process, and its definition in the internal revenue code dates back to the 1800's when congress first imposed the beer excise tax. Adoption of the TTB "0.5 by volume standard" would insure the integrity of beer and the brewing process. Consistent regulatory policy is important because while the states enjoy regulatory power over alcohol most follow federal regulatory guidelines. This proposed rule would help maintain an orderly marketplace and avoid costly and confusing disruptions in the state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Moreover, treating beer and beverages that derive a majority of their alcohol content from distilled spirits could weaken the distinctions between beer and products with high alcohol contents, the distinctions do impact state and federal policies.

Beer is made through the brewing process. The 0.5% standard will ensure that the integrity of beer remains.

Once again, Markstein Beverage Company encourages the TTB to give final approval to the proposed

0.5% standard on FMB's.

Thank you for taking the time to read my comments.  
Sincerely,

Rolando Martinez  
Vice President of Sales  
Markstein Beverage Company of Sacramento

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