

<< 0042585 >>

OCT.17.2003 12:36PM RSSOCIATION OF BREWERS NO.485 P.2/2

Association of
Brewers
American Homebrewers Association
October 17, 2003 Brewers Publications
Chief, Regulations and Procedures Division Great American Beer Festival
Tax and Trade Bureau World Beer Cup
PO Box 50221
Washington, D.C. 20031-0221

RE: TTB Notice #4. Flavored Malt Beverages and Related Proposal (2001R-136P)

Dear Sir or Madam:

As an employee of the Association of brewers, a homebrewer, and a consumer of craft beer, I strongly support the proposed regulation for products marketed as flavored malt beverages (FMB), as set forth by the Tax and Trade Bureau (TTB) in TTB Notice No. 4 of March 2003.

It is appropriate that the alcohol in a beer derived from distilled spirits be limited to 0.5% alcohol by volume. The 0.5% standard is fair and should apply to FMB with added flavors as well.

The manner of FMB production described in Notice No. 4 avoids many of the costs associated with the volume demands of beer production and storage, and enjoys an unfair competitive advantage over traditional and craft brewers. I commend the TTB on recognizing the imbalance and the need to propose regulations.

Alternative suggestions, such as allowing the standard to be less than 50 percent of the final alcohol derived from additions of spirits, would lead to consumer confusion, cause a disruption to state governments who currently have regulations mirroring the federal standards and go against more than a hundred years of brewing tradition in this country.

Craft and regional brewers along with brewpubs have helped create many successful business opportunities over the past twenty-five years, with brewers found in every state, every major metropolitan area, and many small towns and employing tens of thousands more people in small businesses. This is the type of industry that the federal government should foster and protect. An allied trade of maltsters, hop growers, yeast producers, equipment manufacturers, specialty product manufacturers, distributors and consultants has grown with the industry. The number of microbreweries closing since the arrival of the newer varieties of FMBs has exceeded the number of microbreweries opening, reversing the trend and weakening the industry. This fact has made for difficult years in the allied industry, resulting in business closures, layoffs and decreased revenue for the allied trade.

Changing the standard for malt beverages to allow them to contain a significant amount of distilled alcohol could have disastrous ramifications for the U.S. brewing industry. Should the traditional lower tax status for malt beverages be raised as a result of the FMB's within that category that contain a significant amount of distilled alcohol, retail prices for beer would increase dramatically. The effect would be lower sales of beer. This would lead to the closing of many breweries along with allied trade businesses across the country, especially the smaller locally owned businesses. The loss of jobs could be staggering. The resulting decline in the number of beer products available and their higher prices would negatively affect consumers.

For the above reason, I strongly urge the Tax and Trade Bureau to institute the changes to regulations of beer and malt beverages suggested in TTB Notice #4. I thank you for your consideration,

Sincerely,
Association of Brewers, Project Coordinator
gary@aol.org
303.447.9715 x 121
736 Pearl Street, Boulder Colorado 80302 - USA Phone: 1.303.447.0816 FAX: 1.909.447.2825

www.beertown.org

