

<< 0042035 >>

2582 M-52 N.WEBBERVILLE, MI 48892
517-521-3600 FAX 517-521-3229
MICHIGAN BREWING CO

September 17, 2003

Chief Regulations and Procedures Div.
Alcohol, Tobacco Tax and Trade Bureau
PO Box 50221
Washington, D. C. 20091-0221

Re: TTB Notice No.4

To Whom It May Concern:

Michigan Brewing Company supports the proposed rule issued in March 2003 by the Tax and Trade Bureau outlining the alcohol content requirements for flavored malt beverages to be classified as beer. Specifically, the TTB proposes that for a flavored malt beverage (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 country's history. 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. 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 ensure the integrity of beer and the brewing process.

Consistent regulatory policy is important because while states enjoy regulatory power over alcohol, most follow federal regulatory guidelines. The proposed rule would help maintain an orderly marketplace and avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to the beer industry.

In addition, equating beer with beverages that derive a majority of their alcohol content from distilled spirits could weaken the important distinctions between beer and products with higher alcohol content. These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. If traditional distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products.

WWW.MICHIGANBREWING.COM GREAT LAKES GREAT TIMES
EMAIL: MICHIGANBREWING@VOYAGER.NET GREAT BEERS

<< 0042035A >>

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.

In closing, Michigan Brewing Company wishes to encourage the Tax and Trade Bureau to give final approval to the proposed 0.5% standard on Flavored Malt Beverages.

Sincerely yours,

Robert C. Mason
President

cc: NBWA