

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office  
FLOOR DEBATE

February 17, 2005 LB 254, 514, 563, 573, 644, 720  
LR 9

reports LR 9 to the Legislature for further consideration. Committee on General Affairs reports LB 573 to General File with amendments. Revenue reports LB 254 as indefinitely postponed; LB 514, LB 644, and LB 720, all as indefinitely postponed. (Legislative Journal pages 556-564.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Next agenda item, LB 563.

ASSISTANT CLERK: LB 563 was introduced by Senator Janssen. (Read title.) Bill was read for the first time on January 18 of this year, referred to the General Affairs Committee. That committee reports the bill to General File. There are no committee amendments.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Janssen, to open on the advancement of LB 563.

SENATOR JANSSEN: Senator Cudaback and members of the Legislature, LB 563 adds what we call flavored malt beverages to the Nebraska definition of "beer." On Wednesday, December 29 of 2004, the Alcohol, Tobacco Tax and Trade Bureau announced the final regulations regarding flavored malt beverages had been made. The flavored malt beverage and related regulatory amendments were printed in the Federal Register on Monday, January the 3rd of 2005. What is a flavored malt beverage? It's a drink that has been made and been created using both the fermentation and distillation. It is the flavoring that makes this type of drink distinct. It includes beverages such as Mike's Hard Lemonade, Smirnoff Ice, and Zima. The regulations were issued very late in the year, even after the General Affairs Committee had already held an interim study hearing on this topic. Much of what we discussed at that hearing is now outdated, but one thing has remained very clear. We have to clarify whether this product, flavored malt beverages, is a beer or a spirit under the laws of Nebraska. The new federal regulations have made it quite easy for us. The regulations state that in order to be taxed and treated as beer, 51 percent or more of the alcohol in flavored malt beverages has to be the product of what we call brewing or fermentation. No more than 49 percent of the alcohol may come from flavorings, which is the