

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Requirement

OMB Control Number - 1513-0081

TTB REC 5110/9 Registration and Records of Vinegar Vaporizing Plants

A. Justification

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection?

Distilled spirits, other than those used for certain authorized nonbeverage purposes, are taxed at a rate of \$13.50 per proof gallon, a rate far exceeding production costs. To safeguard the revenue from this tax, Congress requires, in 26 U.S.C. 5502 and 5504, that every person wishing to engage in the business of manufacturing vinegar by the vaporizing process must make application for registration, file notice of change when required and maintain records of operations as the Secretary shall prescribe. Regulations in 27 CFR 19.68, 19.821, 19.822, 19.823, 19.824 and 19.829 prescribe those registration and recordkeeping requirements.

2. How, by whom, and for what purpose is this information used?

The applications, notices and records required of one who manufactures vinegar by the vaporizing process are used by our field personnel to identify persons who produce and use distilled spirits in that process and by our specialists to verify that spirits so produced are not unlawfully diverted.

3. To what extent does this collection of information involve the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology? What consideration is given to use information technology to reduce burden?

We have approved and will continue to approve on a case-by-case basis the use of improved information technology for the maintenance of required records.

4. What efforts are used to identify duplication? Why can't any similar information already available be used or modified for use for the purposes described in Item 2 above?

We terminated the Federal Information Locator System (FILS) program for agency use. However, we search an agency subject classification system to identify any duplication. Similar information is not available elsewhere.

5. If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?

Recordkeeping and application requirements imposed on vinegar vaporizing plants by Part 19 are the minimum needed to comply with law and account for distilled spirits in the process. TTB, therefore, cannot reduce these requirements based on the size of the entity.

6. What consequences to Federal program or policy activities and what, if any, technical or legal obstacles to reducing burden will occur if this collection is not conducted or is conducted less frequently?

Without these records, TTB would be unable to verify that revenue is not lost by the diversion of spirits for beverage use. General provisions for the maintenance and retention of these records are provided in § 19.723.

7. Are there any special circumstances associated with this information collection?

There are no special circumstances associated with this information collection.

8. What effort was made to notify the general public about this collection of information?

A 60-day Federal Register notice was published for this information collection on Thursday, June 8, 2006, 71 FR 33335. The notice solicited comments from the general public. TTB received no comments.

9. What decision was made to provide any payment or gift to respondents, other than reenumeration of contractors or grantees?

No payment or gift is associated with this collection.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

Records required of vinegar manufacturers are maintained at the proprietor's premises. These collections of information are maintained at our regional offices in secure file rooms with controlled public access. Moreover, 26 U.S.C. 6103 and 5 U.S.C. 552(b)(4) protect the confidentiality of the information collected.

11. What justification is there for questions of a sensitive nature?

We ask no questions of a sensitive nature.

12. What is the estimated hour burden of this collection of information?

Records of operations required to be maintained by vinegar vaporizing plants are usual and customary business records which would be maintained in the normal course of operations. They therefore impose no burden. However, the total burden for reporting requirements is 1 hour. 1 (number of respondents) \times 1 (annual submissions) = 1 (total annual responses) \times 1 hour (processing time) = 1 (total burden)

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information?

No new cost is associated with this collection.

14. What is the annualized cost to the Federal Government?

Records required to be maintained at vinegar vaporizing plants will not incur expenses for the Government. Because there are so few plants currently authorized to produce vinegar by the vaporizing process, the Government's expected no cost for processing notices and applications relating to registration is negligible.

15. What is the reason for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I?

There are no program changes or adjustments associated with this collection.

16. Outline plans for tabulation and publication for collections of information whose results will be published.

The results of this collection will not be published.

17. If seeking approval to not display the expiration date for OMB approval of this information collection, what are the reasons that the display would be inappropriate?

It would be inappropriate to display the expiration date for OMB approval because this request is a recordkeeping requirement. Therefore, unlike the form, there is no medium to display the expiration date.

18. What are the exceptions to the certification statement?

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods

This collection does not employ statistical methods.