

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0061

TTB REC 5150/2 - Letterhead Applications and Notices Relating to Denatured Spirits

A. JUSTIFICATION.

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

Denatured spirits are regulated to prevent illegal diversion to taxable beverage use. A comprehensive system of controlling denatured spirits and articles made with denatured spirits is imposed by 26 U.S.C. 5271-5276. Implementing regulations in 27 CFR Part 20 allow denatured spirits to be used for industrial purposes free of tax.

The system of controlling denatured spirits was developed during Prohibition. Although beverage alcohol was illegal, there was still a need for alcohol for industrial processes, including the manufacture of products for personal and household use.

It is possible to recover potable alcohol from denatured spirits and articles made with denatured spirits. Therefore, the law and implementing regulations require an application and permit to withdraw and use specially denatured spirits. The law and implementing regulations also require surety bonds, formulas, recordkeeping, reporting, and other operational procedures.

Reports included in this submission are letterhead applications and notices. Letterhead applications are documents submitted for approval by TTB and notices are documents submitted with no approval necessary. Letterhead applications and notices are qualifying documents relating to specific regulated activities. If the applicant is a permittee, the letterhead application or notice is an amendment to approved qualifying documents already on file.

Letterhead applications or notices are the only qualifying documents necessary for persons who are not required to obtain a permit under the law. Letterhead applications and notices from non-permittees relate to trafficking in large quantities of completely

denatured alcohol or articles and to the procurement of samples of specially denatured spirits (exceeding 5 gallons per annum). These applications or notices are necessary to identify the person and to ensure that the intended activity will be conducted in compliance with the law.

In promulgating regulations requiring either of these types of reporting, TTB first determines if there is sufficient jeopardy to the revenue to necessitate a reporting requirement. Once this determination is made, TTB's policy is that activities with greater jeopardy to the revenue should be regulated by a letterhead application, approved before the activity can begin, and activities with less jeopardy to the revenue should be regulated by a notice requirement.

The following reporting requirements are consolidated in one submission covering letterhead applications and notices relating to denatured spirits.

LETTERHEAD APPLICATIONS AND NOTICES

20.22	Alternate Methods or Procedures, and Emergency Variations From Requirements.
20.56	Changes Affecting Applications and Permits.
20.57	Automatic Termination of Permits.
20.60	Change in Name of Permittee.
20.61	Change in Trade Name.
20.62	Change in Location
20.63	Adoption of Formulas and Statement of Process.
20.68	Notice of Permanent Discontinuance.
20.111	General (General Use Formulas).
20.117	Reagent Alcohol General Use Formula.
20.133	Registration of Persons Trafficking in Articles.
20.134	Labeling (Articles).
20.202	Losses in Transit.
20.234	Disposition on Permanent Discontinuance of Use.
20.252	Samples Larger Than Five Gallons.
20.265	Retention of Invoices.

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

Letterhead application and notice requirements are used by TTB officials to ensure that lawful and appropriate actions are taken with regard to denatured alcohol. Additionally, a record of these reports is maintained for 3 years at the premises of the regulated individual and is routinely inspected by TTB personnel during field tax compliance examinations. These examinations are necessary to verify that all specially denatured spirits can be accounted for and are being used only for purposes authorized by law and regulations.

By ensuring that spirits have not been diverted to beverage use, tax revenue and public safety are protected.

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 these reports.

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 duplication. No similar information is available from any other source.

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

These reporting requirements are considered to be the minimum necessary to ensure compliance. This collection of information is not susceptible to reduced requirements for small business.

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?

Not collecting this information or less frequent collection of this information would pose jeopardy to the revenue.

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 Monday, July 3, 2006, 71 FR 37977. 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?

These reports are maintained at our National Revenue Center in secure file rooms with controlled public access. Moreover, 26 U.S.C. 6103 and 5 U.S.C. 552 protect the confidentiality of proprietary information obtained by the Government from regulated individuals.

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?

We estimated that 3,386 individuals will file once per annum. Each report should require .5 hour to prepare.

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

No cost is associated with this collection.

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

There is no cost to the Federal government.

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

There is an adjustment of a 137 hour increase associated with this collection due to an increase of 275 respondents from the 3,111 previously reported.

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 these reporting requirements do not mandate any specific forms on which to display the 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.