

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)

Supporting Statement – Information Collection Request

OMB Control Number – 1513-XXXX

TTB F 5110.56 Distilled Spirits Bond

**A. JUSTIFICATION**

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

The Internal Revenue Code, in 26 U.S.C. 5173 and 5181, requires a bond from any person who intends to manufacture distilled spirits and alcohol fuel, respectively. This bond is a contract between the proprietor and the surety company, ensuring that any taxes owed to the government will be paid in full. Regulations prescribing the use of this bond are found in 27 CFR 19.231, 19.241, 19.242, 19.243, 19.244, and 19.246 for Distilled Spirits Plants, and 19.955 for Alcohol Fuel Plants. These provisions require that a bond must be received and approved by TTB before production can start.

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

The information collected on form TTB F 5110.56 includes the amount of the bond, type of bond, method of payment, manufacturer of distilled spirits, identity of the entities executing it, and the signatures of authorized representatives. TTB F 5110.56 is used by Distilled Spirit Plants and Alcohol Fuel Plants to file bond coverage with TTB. TTB uses this bond to ensure that taxes owed to the Federal government are paid should the principal fail to do so. Bonds are provided through a surety company agreement, cash, or Treasury securities. The bond protects the revenue by ensuring that taxes due to the Federal government are paid.

**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?**

The information provided in TTB F 5110.56 generally does not lend itself to automated collection techniques without imposing risk to collection of the revenue. TTB will consider the use of information technology on a case-by-case basis.

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

The information provides security for the collection of taxes under 26 U.S.C. 5173 and 5181, a program exclusively administered by TTB. TTB does not duplicate collection of this information. Additionally, the Federal Information Locator System (FILS) program has been terminated for agency use. However, TTB searches an agency subject classification system to identify any duplication. Similar information is not available elsewhere for this information collection requirement.

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

All applicants regardless of size are required by law to submit this form. This information collection burden is already minimized for all respondents as much as possible within the context of the statutory requirements. The minimal information mandated by the form cannot be waived or reduced simply because the respondent's business is small.

**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?**

If this collection was not conducted it would mean that some taxpayers might not be covered by an adequate bond, which poses jeopardy to the revenue.

**7. Are there any special circumstances associated with the 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 notice was published in the Federal Register (71 FR 66589) on Wednesday, November 15, 2006. The notice solicited comments from the general public. TTB received no comments in response to the notice.

**9. What decision was made to provide any payment or gift to respondents, or than re-enumeration 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?**

No specific assurance of confidentiality is provided on this form; however, the confidentiality of the information collected on this form is protected by 26 U.S.C. 6103 as well as 5 U.S.C. 552.

**11. What justification is there for any question of a sensitive nature?**

No questions of a sensitive nature are asked.

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

It is estimated that 116 respondents will file 2 TTB F 5110.56 forms as original, strengthening, or superseding bonds. This form is submitted by new permit applicants, and currently active industry members as their circumstances may require their bonds to be modified. The average time to prepare the form or make any corrections to the form is 1 hour per form.

That would be a total of 232 annual burden hours for the 116 respondents.

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

No cost is associated with this collection.

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

Estimates of annual cost to the Federal government are as follows:

Printing	\$ 20.00
Distribution	25.00
Clerical Cost	30.00
Other Salary (review, supervisory, etc)	<u>3,500.00</u>
	\$3,575.00

These estimates are based on experience with other similar reporting requirements.

**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 a program change of 232 burden hours associated with this information collection. The program change is due to the fact that this collection has never had OMB approval.

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

We will not publish the results of this collection.

**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?**

We will display the expiration date of OMB approval for this collection.

**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.