

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Information Requirement

OMB Control Number – 1513-0052

TTB REC 5110/10 - Alcohol Fuel Plants (AFP) Records, Reports and Notices
TTB F 5110.75 – Alcohol Fuel Plant Report

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 a proof gallon, a rate far exceeding production costs. To safeguard the revenue from this tax, Congress prescribed, in 26 U.S.C. 5181 and 5207, that the proprietor of an alcohol fuel plant (AFP), i.e. a distilled spirits plant established for the production of alcohol for fuel purposes only, must make such application, maintain such records, and render such reports as the Secretary shall prescribe. The records, reports, and notices required by Subpart Y of 27 CFR Part 19, implement those requirements. Respondents are the 1,663 AFPs established under the authority of 26 U.S.C. 5181.

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

Application to establish an AFP and certain changes to the application are filed on TTB F 5110.74, which bears OMB approval number 1513-0051. Certain notices or records are necessary to affect changes in the permit in instances where a new application would not be necessary (§ 19.919). These instances include the curtailment of activities at an AFP (§ 19.921(c)), changes in officers, directors, or principal persons (§ 19.923), permanent discontinuance of operations (§ 19.945), a journal of alternation when an AFP is operated by alternating proprietors (§ 19.930), and authorization to use other materials to render spirits unfit (§ 19.1006). This information is used by TTB to determine the persons responsible for AFP operations, the qualifications of an AFP, and the current status of the plant.

Information required by §§ 19.903 and 19.904 is used by TTB to determine whether requested variances from regulatory requirements will protect the revenue, not hinder administration, and not be contrary to the law.

Marks on samples (§ 19.1007) and on fuel alcohol (§ 19.1008) are necessary to identify the kind and taxable status of spirits removed from the plant premises.

Section 19.982 requires an AFP proprietor to maintain records to account for the alcohol and alcohol fuel (alcohol which has been rendered unfit for beverage use in accordance with § 19.1005) on plant premises. In addition, medium and large sized plants must maintain records of the raw materials used in the production of distilled spirits. These accounting records may consist of, or be supported by the gauge records (§ 19.980), inventory records (§ 19.981), records of spirits received (§ 19.984), records of spirits rendered unfit (§§ 19.983 and 19.985), records of dispositions (§§ 19.986 and 19.995), invoices of withdrawals (§ 19.997), records of redistillation (§ 19.990), transfer records (§ 19.998 through 19.1001, and 19.770), and records of samples (§ 19.1007). These operational records are used by TTB inspectors in making tax compliance examinations, and to verify that all distilled spirits are properly accounted and that none have been unlawfully diverted for taxable purposes. These records are maintained in accordance with § 19.987.

Section 19.988 requires an AFP proprietor to submit reports of operations at their plants on TTB F 5110.75. These reports are used by TTB management and specialists to monitor industry operations for compliance with law and regulations and to analyze trends in the industry to allocate field resources most effectively.

In addition, TTB F 5110.75 is used by our inspectors in conducting tax compliance examinations at AFPs. The summaries of operations, as reflected on the operational report, provide an overview of the AFP's operations from which the inspector may determine which areas deserve closest scrutiny due to the relative jeopardy to the revenue. Additionally, the summaries of operations provide a basis upon which a statistical sampling approach to verifying the data may be planned.

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 collection and maintenance of required records. In the near future, TTB F 5110.75 will be available for electronic submission through Pay.gov.

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?

TTB F 5110.75 collects information that is pertinent to each respondent and applicable to his/her specific operations. As far as we can determine, 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?

TTB has structured its collection of information requirements in accordance with the relative jeopardy to the revenue posed by AFPs. Thus, in connection with the qualification of an AFP, only the large plants must submit those corporate documents required by § 19.916; therefore, only they must submit notices of changes relative to them. Medium and large plants are required to maintain records of materials used in the production of spirits whereas small AFPs are not.

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 the records and reports of AFP operations, TTB would be severely handicapped in performing its principal function of protecting the revenue derived from the distilled spirits tax. TTB has no control over the frequency of notices or letter requests related to registration in Subpart Y. Operational records constitute a complete accounting, on a continuing basis, of spirits and alcohol fuel. Any less frequent collection would render the accounting meaningless.

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 Friday, September 18, 2009, 74 FR 47990. 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?

Third party disclosures are for the public and are not confidential. Records are generally maintained by respondents who control the confidentiality of those documents. Any information submitted to TTB is 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 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?

The records required of AFP operations are usual and customary business records which would be maintained by the proprietor for purposes of cost accounting and control. They therefore impose no burden as defined by 5 CFR 1320.7(b). Estimates of the burden imposed by qualification requirements, reporting requirements, and requirements for the miscellaneous notices and requests were compiled by specialists with extensive field experience assisting applicants and permittees to comply with these requirements. These estimates are as follows:

	TTB F 5110.75	Misc. notices
Number of respondents	1,663	* 955
Reports annually	1	1
Annual responses	1,663	955
Hours per response	<u>1 hour and 6 mins</u>	<u>1</u>
Total hours	1,829	955

*Contained in the universe of: 1,663
The record retention requirement is 3 years.

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

There is no cost associated with this collection.

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

Records or notices required to be maintained or submitted by Alcohol Fuel Producers will be of no cost to the Government. Costs associated with TTBF 5110.75 are as follows:

Printing costs	\$ 2,400
Distribution costs	3,000
Clerical costs	15,000
Administrative costs	<u>5,000</u>
	\$25,400

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 in Item 13 of OMB Form 83-I. There is an adjustment because the number of respondents has increased from 1,452 to 1,663 to reflect an increase in the number of permittees entering the market.

16. Outline plans for tabulation and publication for collections 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 of information does not employ statistical methods.