

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0013

TTB F 5000.18 Change of Bond (Consent of Surety)

A. JUSTIFICATION

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection? Also include the following: Align the information collection to Treasury's Strategic Goals, Line of Business/Sub-function, and IT Investment, if one is used.

Since the 1950's TTB has required that the industries that it regulates assume more responsibility for the maintenance of records and for otherwise safeguarding untaxpaid commodities. To ensure that revenue from these untaxpaid commodities is not jeopardized, TTB is authorized by statute to require persons qualified to operate or deal in these industries to post a bond.

The bond ensures payment of excise taxes by the bonding company should the proprietor default. The statutes for furnishing a bond are found in 26 U.S.C. 5173, 5272, 5354, 5401, and 5711. However, to provide flexibility to the operator should circumstances change from the original bond agreement, TTB requires a Change of Bond (Consent of Surety), TTB F 5000.18. TTB F 5000.18 is an extension of the bond, identifying activities or conditions previously not identified on the bond. It is completed in the same manner as a bond and has the same authority, a binding legal agreement to protect the revenue. Therefore, TTB F 5000.18 is merely further identification of the nature of the instrument and acceptance by both parties to an agreement.

The prescribing regulations for requiring TTB F 5000.18 are found in the following:

27 CFR 19.235	27 CFR 25.92	27 CFR 41.124
27 CFR 22.25	27 CFR 28.54	27 CFR 44.126
27 CFR 24.152	27 CFR 40.137	.

For this submission, TTB is requesting approval to use an electronic version of this form in a new system, Permits ON Line (PONL). PONL will allow for the electronic submission of this form.

This information collection is aligned with:

Treasury Strategic Goal: Effectively Manage U.S. Government Finances.

Line of Business/Sub-function: General Government/Taxation Management.

IT Investment: Tax Major Application Systems.

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

TTB F 5000.18 is executed by both the bonding company and the proprietor and acts as an agreement between the two parties to extend the terms of the bond. TTB F 5000.18 is filed with TTB and a copy is retained by TTB as long as it remains current and in force. If TTB F 5000.18 is not executed and filed with TTB, then the proprietor's ability to engage in activities not covered by the original bond is diminished and a potential jeopardy is placed on the revenue.

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?

This collection of information will be included in a new system, PONL, that allows for the electronic submission of applications and all of the supplementary forms that are needed to apply for a permit. The electronic submission of this form will reduce the burden on applicants that currently complete this form then have to download and mail it to TTB.

TTB will continue to approve, on a case-by-case basis, the use of improved information technology.

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 5000.18 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 any where else.

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

There is no alternative or manner in which to reduce the burden to small businesses. TTB F 5000.18 could be considered a relief to small businesses since it provides for an extension of the original bond, instead of having to post and file a new bond.

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 TTB F 5000.18 is not executed and filed with TTB or executed and filed less frequently, then the proprietor's ability to engage in activities not covered by the original bond is diminished and a potential jeopardy is placed on the revenue. TTB must require the proprietor to submit TTB F 5000.18 any time an activity is conducted that is not covered by the existing bond. By completing this form, this substantially reduces jeopardy to the revenue, as bond coverage is extended to those additional activities or conditions. This requirement is only completed at those times when there have been changes to the original conditions of the bond.

7. Are there any special circumstances associated with this information collection that would require it to be conducted in a manner inconsistent with OMB guidelines?

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? Summarize the public comments that were received and describe the action taken by the agency in response to those comments.

A 60-day notice was published in the Federal Register (73 FR 64397) on Wednesday, October 29, 2008. The notice solicited comments from the general public. TTB received no comments in response to this notice.

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?

No specific assurance of confidentiality is provided on this form; however, the information provided by the taxpayer in this form is protected from disclosure under 26 U.S.C. 6103.

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 burden for this information collection has been determined by information provided by TTB' NRC on the number of persons authorized to operate and the number of forms that are submitted. There is a change in burden from the previous submission. There are 3,600 respondents that complete this form once annually. It takes each respondent 1 hour to complete this form, for a total burden of 3,600 hours. There is an increase in the number of respondents from 2,000 to 3,600 as a result of an increase in the number of applicants; however, that number decreases by the 100 respondents that TTB predicts will complete this form and the decrease in the time it takes to complete and submit this form using the new PONL system.

Paper submissions: $3,500$ (respondents) \times 1 (annual submissions) = $3,500$
(responses) \times 1 hour (processing time) = $3,500$ (burden hours)
PONL submissions: 100 (respondents) \times 1 (annual submissions) = 100 (responses)
 \times 20 minutes (processing time) = $2,000/60 = 33.33$ (burden hours)
Total Burden Hours: $3,500$ (Paper) + 33.33 (PONL) = $3,533.33$

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information (excluding the value of the burden hours in Question 12 above?)

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 related to this collection.

15. What is the reason for any program changes or adjustments?

There is a program change and an adjustment associated with this collection. The number of respondents has increased (adjustment) and, with the introduction of the new PONL system, that number will decrease (program change) as a result of the reduction in the time it takes to complete and submit this form using the new PONL system.

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. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.