

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 regarding bonds are found in 26 U.S.C. 5173, 5272, 5354, 5401, and 5711. 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.

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

27 CFR 19.155	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	.

This supporting statement reflects a change to a section number as recodified in the final rule for the revision of part 19 of the TTB regulations. (See TTB Notice No. 83 and T.D. TTB-92)

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 would be unable to engage in activities not covered by the original bond. This creates a potential jeopardy to 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 is included in our Permits ON Line (PONL) system, 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 reduces the burden on applicants that would otherwise have no other option than to print and mail the form 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 elsewhere.

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

TTB considers all of the information requested on TTB F 5000.18 to be essential to the effective protection of the revenue and, therefore, has made no special provisions for 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?

The form and information collection related to the extension of the bond provides flexibility to the regulated industry. It is executed and filed when needed by the proprietor. If TTB F 5000.18 was not executed and filed with TTB or if it could only be 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. 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 NPRM for the revision to part 19 was published on May 8, 2008 (73 FR 26200). In response to Notice No. 83, TTB received 7 comments. Six of the comments expressed strong support for the revisions to part 19. No comments were opposed to changes that are affected by this information collection. A final rule (T.D. TTB-92, 76 FR 9080) was published to reflect the changes that were proposed in Notice No. 83, including a change to a section number relevant to this collection.

A 60-day notice was published in the Federal Register (76 FR 81016) on Tuesday, December 27, 2011. 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 was determined by the number of persons authorized to operate and the number of forms that are submitted by those persons. The number of persons authorized to operate has increased since our last approved submission to 3,600. Those persons complete this form, on average, once a year. It takes each respondent approximately 1 hour to complete this form, for a total burden of 3,600 hours. That number is decreased by the 100 respondents that TTB predicted would submit this form, and the time it takes to complete and submit this form, using the PONL system. The number of respondents that actually used the system in the 1st 12 months of operation was the same as predicted, so the burden hours remain as indicated below.

Paper submissions: 3,500 (respondents) X 1 (annual submissions) = 3,500 (responses) X 1 hour (processing time) = 3,500 (burden hours)

PONL submissions: 100 (respondents) X 1 (annual submissions) = 100 (responses) X 20 minutes (processing time) = 2,000/60 = 33.33 (burden hours)

Total Burden Hours: 3,500 (Paper) + 33.33 (PONL) = 3,533.33

Format	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
Paper	3500	1	3500	1	3500
PONL	100	1	100	0.3333	33.33
	3600		3600		3533.33

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 from 2,000 to 3,600 which increases the burden by 1,600 hours due to an adjustment; and, with the introduction of the new PONL system, the burden per respondent utilizing the PONL, estimated at 100, will realize a decrease from 1 hour to 20 minutes for a total reduction of 33 hours. This decrease is attributed to a program change. Total burden requested 3,533 burden hours.

This submission also incorporates final rule 27 CFR Parts 1, 17, 19, et al., *Revision of Distilled Spirits Plant Regulations* (February 16, 2011, at 75 FR 9080) with this information collection. The rule modernized requirement for operating distilled spirits plants and included a number of operational changes (renumbering) to improve the layout of the regulatory text.

This submission is being made to renew the OMB clearance.

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?

- (c) See item 5 above
- (f) This is not a recordkeeping requirement
- (i) No statistics are involved

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.