

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0006

Information Collection Request Title:

Applications — Volatile Fruit-Flavor Concentrate Plants, TTB REC 5520/2

(Includes: Recordkeeping requirement TTB REC 5520/2; Form TTB F 5520.3, Registration of Volatile Fruit-Flavor Concentrate Plant; and Letterhead Applications for Volatile Fruit-Flavor Concentrate Plants.)

A. Justification

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

The Internal Revenue Code (IRC) at 26 U.S.C. 5511 authorizes the Secretary of the Treasury to prescribe regulations requiring manufacturers of volatile fruit-flavor concentrates to file applications, keep records, make reports, and meet certain other requirements. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers this IRC section pursuant to section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d). In addition, the Secretary has delegated certain IRC administrative, enforcement, and regulatory authorities to TTB through Treasury Department Order 120-01.

Under this statutory authority, TTB has issued regulations concerning the manufacture of such concentrates, which are codified in 27 CFR Part 18—Production of Volatile Fruit-Flavor Concentrate. Section 27 CFR 18.21 requires persons who desire to manufacture such concentrates to submit an application for registration on form TTB F 5520.3 and to receive approval of such application. Section 27 CFR 18.24 describes some of the data required on the application, and 27 CFR 18.25 describes the organizational documents required as part of the application.

The information provided by the applicant on TTB F 5520.3 concerning a plant's distilling equipment also satisfies the IRC's statutory and TTB's regulatory requirements to register stills, listed at 26 U.S.C. 5179 and 27 CFR 18.23, respectively.

In addition, 27 CFR 18.31 through 18.38 require concentrate plant proprietors to submit amended applications on TTB F 5520.3 when there is a change in the name, location, continuing partnership, proprietorship, officers, directors, or stockholders, or a permanent discontinuance of a proprietor's operations.

Other TTB regulations under 27 CFR Part 18 require letterhead applications for certain volatile fruit-flavor concentrate plant matters not covered by the application for registration. These activities include conducting other business on plant premises (27 CFR 18.22(b)); using methods of operation other than those set out in regulations (27 CFR 18.13(b), 18.14(b), and 18.27(a)(1)); or a request for classification of a concentrate as fit or unfit for beverage use (27 CFR 18.52(b)). Letterhead applications related to alternation with a distilled spirits plant, a bonded wine cellar, and the records related to such alternations are contained in 27 CFR 18.39, 18.40, and 18.42, respectively. These letterhead applications allow TTB to determine if the plant is being operated in conformity with Federal law and TTB regulations.

Section 27 CFR 18.17 requires concentrate plant proprietors to maintain a file of all approved applications and other documents, on or convenient to the plant premises, available for inspection by TTB officers. Section 27 CFR 18.61 requires proprietors to retain records and reports for 3 years from the date prepared, or 3 years from the date of the last entry, whichever is later.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Tax Major Application System.

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

The information collected by TTB on TTB F 5520.3 application forms is minimal. The form identifies the manufacturer, the location of the proprietor's volatile fruit-flavor concentrate plant and principal place of business, the stills that the proprietor owns, and the persons connected with the business. Letterhead applications submitted by such proprietors collect information regarding certain volatile fruit flavor concentrate plant matters that are not documented on the application form.

TTB uses the application information on TTB F 5520.3 to identify persons engaging in such manufacture and the stills they own since volatile fruit-flavor concentrates contain ethyl alcohol and have potential for use as alcohol beverages, which would have Federal excise tax implications. The information collected on TTB F 5520.3, the letterhead applications, and the related records is used by the appropriate TTB officers to insure that concentrate plants are operated in conformity with Federal law and TTB regulations.

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?

TTB has approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the submission of the application form and the maintenance of the required records. Currently, TTB F 5520.3 is available free to the public as a fillable, printable form on the TTB website (<http://www.ttb.gov/forms/5000.shtml>).

4. What efforts are used to identify duplication? Can similar information already available be used or modified for use for the purposes described in Item 2 above?

TTB F 5520.3, the letterhead applications, and the related records contain information pertinent and unique to each respondent and applicable to the specific issue of establishing and operating a volatile fruit-flavor concentrate plant. As far as TTB is able to 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?

All entities, regardless of size, are required by the IRC at 26 U.S.C. 5511 to submit an application to establish a volatile fruit flavor concentrate plant. Waiver or reduction of this requirement, simply because the respondent's business is small, could jeopardize the revenue.

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 were to discontinue this collection, it would have no means of identifying persons manufacturing volatile fruit flavor concentrates. These products generally have a high alcohol content and unless they are produced and sold in accordance with Federal law and TTB regulations, they are subject to Federal excise tax. TTB must identify these individuals to protect potential Federal excise tax revenue.

TTB has no control over the frequency of submissions. Respondents submit the information only as often as is necessary to comply with Federal law and regulations.

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.

To solicit comments from the general public, TTB published a "60-day" comment request notice for this information collection in the Federal Register on October 15, 2014, at 79 FR 61939. In response, TTB received no comments regarding this information collection.

9. Was any payment or gift given to respondents, other than remuneration of contractors or grantees? If so, why?

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 TTB F 5520.3. However, the confidentiality of the information collected under this request is protected from disclosure by Federal law at 5 U.S.C. 552 and under 26 U.S.C. 6103.

11. What is the justification for questions of a sensitive nature? If personally identifiable information (PII) is being collected in an electronic system, identify the Privacy Impact Assessment (PIA) that has been conducted for the information collected under this request and/or the Privacy Act System of Records notice (SORN) issued for the electronic system in which the PII is being stored.

This information collection contains no questions of a sensitive nature.

TTB has completed a Privacy Impact Assessment (PIA) for information collected under this request as part of the Tax Major Application System, and has issued a Privacy Act System of Records notice (SORN) for this system under TTB .001—Regulatory Enforcement Record System, published in the Federal Register on December 1, 2011, at 76 FR 74847. TTB's PIAs are available on the TTB website at <http://www.ttb.gov/foia/pia.shtml>.

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

Approximately 80 annual respondents maintain the records required to file original or amended TTB F 5520.3 forms and letterhead applications. Each respondent requires 2 hours to assemble the applicable records and complete an original or amended TTB F 5520.3 form or a letterhead application. As a result, the estimated burden is 160 hours.

13. What is the estimated annual cost burden to respondents or record keepers resulting from this information collection request (excluding the value of the hour burden in Question 12 above)?

There is no cost associated with this collection.

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

Estimates of annual cost to the Federal Government are:

Printing costs	\$ 0
Distribution costs	0
Clerical costs	50
Other Salary costs (review, supervisory, etc.)	100
TOTAL COSTS	150

Printing and distribution costs to the Federal government have decreased to \$0.00 in TTB's cost estimate since TTB distributes its forms to the public for downloading and self-printing via the TTB website (see <http://www.ttb.gov/forms/5000.shtml>.)

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

There are no program changes or adjustments associated with this collection.

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

TTB 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?*

As a cost saving measure for both TTB and the general public, TTB is seeking approval not to display the expiration date for OMB approval of this information collection. By not displaying the expiration date of this collection on the related form, TTB will not have to update the form's expiration date on its electronic systems and website pages or on the form's paper version each time the information collection is approved. Similarly, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the form, including any marginally-punched continuous printed versions of the form produced by some businesses, at their own expense, for use with their electronic systems or for sale to other businesses and individuals. Additionally, not displaying the OMB approval expiration date on this form will avoid confusion among members of the public who may have identical forms with different expiration dates in their possession. By not displaying the expiration date, supplies of the form could continue in use regardless of when OMB's approval has expired.

18. *What are the exceptions to the certification statement?*

- (c) See item 5 above.
- (i) No statistics are involved.
- (j) See item 3 above.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.