

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0040

Information Collection Request Title:

Application for Operating Permit Under 26 U.S.C. 5171(d)

Information Collections Issued under this Title:

-- TTB F 5110.25, Application for Operating Permit Under 26 U.S.C. 5171(d).

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 Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the distilled spirits-related provisions of chapter 51 of the Internal Revenue Code (IRC; 26 U.S.C. chapter 51), 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 of the Treasury has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

Under the IRC at 26 U.S.C. 5171(d), persons who, for industrial use, intend to distill spirits, denature spirits, bottle or package, or warehouse spirits must apply for and obtain an operating permit. In addition, persons who intend to manufacture articles using distilled spirits, and persons who intend to warehouse bulk spirits for non-industrial use without bottling, are required to obtain an operating permit under 26 U.S.C. 5171(d). Only one IRC-based operating permit is issued to a DSP, and it specifies the operations authorized under the permit. The proprietor must obtain an operating permit before starting production or other distilled spirits operations.

Under the TTB distilled spirits plant regulations in 27 CFR part 19, persons apply for an IRC operating permit using form TTB F 5110.25. The TTB regulations that restate the requirements to obtain a permit, prescribe the filing of this application and supporting documentation, and the amending of the permit, and once the permit is issued, require posting of the permit in the distilled spirits plant are found in:

27 CFR 19.91	27 CFR 19.97	27 CFR 19.131
27 CFR 19.92	27 CFR 19.126	27 CFR 19.132
27 CFR 19.93	27 CFR 19.128	27 CFR 19.133
27 CFR 19.94	27 CFR 19.129	27 CFR 19.134
27 CFR 19.95	27 CFR 19.130	27 CFR 19.135.

(TTB also administers the Federal Alcohol Administration Act (27 U.S.C. 201 *et seq.*), and it issues basic permits for distilled spirits beverage operations under that Act; see OMB No. 1513–0018; TTB F 5100.24.)

This information collection is aligned with:

Line of Business/Sub-function: Law Enforcement/Substance Control.

IT Investment: Tax Major Application Systems.

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

Proprietors of distilled spirits plants who wish to engage in certain specified activities apply to TTB for an operating permit under the IRC at 26 U.S.C. 51719d) before beginning operations. TTB F 5110.25 provides TTB with information concerning the name and principal business address of the applicant, the plant address (if different from the business address), a description of the operations to be conducted and a statement as to the type of business organization, and persons with significant interests in the business.

TTB National Revenue Center personnel use the information on the form and other information submitted along with the form to identify the applicant, the location of the business, the types of activities to be conducted, and the qualifications of the applicant. The information provided by the applicant on TTB F 5110.25 serves to protect the revenue by providing information to TTB that is used, along with other information, to determine the qualifications of persons entering the industrial alcohol field. Collection of this information by TTB limits the possibility of persons engaging in the illicit manufacture and sale of non-taxpaid distilled spirits and/or the diversion of industrial alcohol to beverage use.

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's Permits Online (PONL) system allows for the electronic submission of the application and the supporting documentation associated with applying for an IRC operating permit under 26 U.S.C. 5171(d); see <https://www.ttonline.gov/permitonline/>. TTB F 5110.25 also is available as a "fillable–printable" form on the TTB website at <http://www.ttb.gov>.

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 required supporting documentation.

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 5110.25 collects information that is pertinent to each respondent and applicable to the specific operations of each applicant. As far as TTB 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?*

In order to protect the revenue, all entities, regardless of size, are required by the IRC at 26 U.S.C. 5171(d) to apply for an operating permit before commencing industrial alcohol operations. The use of the application form, TTB F 5100.11, is required by the TTB regulations. Since the application is a statutory requirement and is necessary to protect the revenue, the application requirement cannot be waived, or the number of data elements 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?*

The information provided on TTB F 5110.25 serves to protect the revenue by providing information used by TTB to determine the qualifications of persons entering the industrial alcohol field. Collection of this information by TTB limits the possibility of persons engaging in the illicit manufacture and sale of non-taxpaid distilled spirits and/or the diversion of industrial alcohol to beverage use. Respondents complete this information collection when first entering business and then only as necessary to update certain information when the permittee has a change in name, trade name, business address or plant location, or control.

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 January 21, 2015, at 80 FR 3013. TTB received no comments on this information collection in response.

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?*

TTB F 5110.25 includes a Privacy Act Information statement that notes what routine uses TTB may make of the provided information. No other specific assurance of confidentiality is provided on this form. However, Federal law at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated businesses and individuals, and 26 U.S.C. 6103 prohibits disclosure of tax returns and related information unless disclosure is specifically authorized by that section. Application information

submitted electronically is protected in firewall- and password-protected systems to which only certain TTB employees have access. Paper copies of TTB F 5110.25 are maintained by TTB in secure file rooms with controlled public access.

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.

A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Tax Major Application System , and a Privacy Act System of Records notice (SORN) has been issued for this system under TTB .001–Regulatory Enforcement Record System and published in the Federal Register on January 28, 2015, at 80 FR 4637. 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?

The number of respondents and the number of forms filed annually by each respondent are based on data provided by TTB field personnel who process this form. TTB F 5110.25 is filed only by proprietors of new distilled spirits plants engaging in certain specific industrial alcohol or warehousing operations and by holders of operating permits who have had a change in name, trade name, business address or plant location, or control.

TTB estimates that 100 respondents file one form annually. TTB estimates that it takes each respondent 15 minutes to complete this form. Therefore, the total annual burden for this information collection is 25 hours.

(100 respondents x 1 form annually = 100 forms x 15 minutes per form = 25 burden hours.)

This is an increase of 20 respondents and 5 burden hours from this collection’s last renewal.

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	0
Other Salary costs (review, supervisory, etc.)	5,000
TOTAL COSTS	5,000

Printing and distribution costs to the Federal government have decreased to \$0.00 in TTB's cost estimate due to the availability of TTB forms to the public on the TTB website (www.ttb.gov).

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

There are no program changes associated with this collection.

As for adjustments to the collection's estimated burden, based on recent data provided by TTB field office personnel who process the form associated with this information collection, we have increased the estimated number of responses associated with this collection from 80 per year to 100, and we have increased the associated burden from 20 to 25 hours. This increase is due to a small increase in the number of new distilled spirits plants being established and a small increase in the number of distilled spirits plants reporting changes to their name, trade name, business address or plant location, or control. The estimated time to complete the form remains unchanged.

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. More importantly, this avoids confusion among users of the form when the OMB approval date may have passed but the form is approved under interim short-term approvals while the form is under OMB

review but before OMB has taken action. In addition, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the form, including any versions of the form produced by some businesses, at their own expense, for use with their electronic systems or for sale to other businesses or individuals.

18. What are the exceptions to the certification statement?

ENTER TEXT, OR ADJUST BELOW AS NEEDED:

- (c) See item 5 above.
- (f) This is not a recordkeeping requirement.
- (i) No statistics are involved.
- (j) See item 3 above.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.