

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement – Information Collection Request**

**OMB Control Number – 1513-0052**

Information Collection Request Title:

Alcohol Fuel Plants (AFP) Records, Reports, and Notices (REC 5110/10)

Information Collections Issued under this Title:

- 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? 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 chapter 51 (distilled spirits, wine and beer), chapter 52 (tobacco products and cigarette papers and tubes), and sections 4181–4182 (firearms and ammunition excise taxes) of the Internal Revenue Code of 1986, as amended, (IRC, 26 U.S.C.) 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.

Distilled spirits, other than those used for certain authorized nonbeverage purposes, are taxed at a rate of \$13.50 a proof gallon. To safeguard the revenue generated from this Federal excise tax, the IRC requires that the proprietor of an alcohol fuel plant (AFP), which is a distilled spirits plant established for the production of alcohol for fuel use only, make such application, maintain such records, and render such reports as the Secretary of the Treasury shall prescribe. See 26 U.S.C. 5181, 5201, and 5207, as well as 5171, 5204, 5212, and 5223.

The records, reports, and notices required of AFPs by the TTB regulations contained in subpart X of 27 CFR Part 19, Distilled Spirits Plants, implement those statutory requirements. Specifically, this information collection is prescribed in 27 CFR:

19.665	19.666	19.667	19.683	19.685	19.686	19.687
19.688	19.690	19.691	19.692	19.693	19.695	19.709
19.710	19.714	19.715	19.716	19.717	19.718	19.719
19.720	19.724	19.727	19.728	19.729	19.733	19.734
19.735	19.736	19.739	19.746	19.747	19.749	19.752

This information collection is aligned with —

- Line of Business/Sub-function: Law Enforcement/Substance Control.
- IT Investment: Integrated Revenue Information System.

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

Certain notices or records are necessary to affect changes in the AFP permit in instances where a new application is not necessary (see § 19.683). These instances include the curtailment of activities at an AFP (§ 19.685(c)), change in name of proprietor (§ 19.686), changes in officers, directors, or principal persons (§ 19.687), change in proprietorship (§ 19.688), permanent discontinuance of operations (§ 19.695), a journal of alternation when an AFP is operated by alternating proprietors (§ 19.693), and authorization to use other materials to render spirits unfit for beverage use (§ 19.747). 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. (Applications to establish an AFP and certain changes to the application are filed on TTB F 5110.74, which is approved under OMB control number 1513–0051.)

Information required by §§ 19.666 and 19.667 is used by TTB to determine whether requested variances from regulatory requirements will protect the revenue, not hinder administration of the TTB regulations, and not be contrary to the law.

Marks on samples (§ 19.749) and on fuel alcohol (§ 19.752) are necessary to identify the kind and taxable status of spirits removed from the plant premises.

Section 19.714 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 § 19.746) on plant premises. In addition, medium and large AFPs 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 (§ 19.709), inventory records (§ 19.710), records of reflecting plant operations and transactions (§ 19.718), records of spirits rendered unfit for beverage use (§ 19.719), records of redistillation (§ 19.724), records of dispositions (§ 19.727), withdrawal of spirits (§ 19.728), withdrawal of fuel alcohol (§ 19.729), transfer records (§ 19.733 through 19.736), and records of samples (§ 19.749). These operational records are used by TTB auditors and investigators in making tax compliance examinations, and to verify that all distilled spirits are properly accounted for and that none have been unlawfully diverted for taxable purposes. These records are maintained in accordance with § 19.716.

Section 19.720 requires AFP proprietors to submit an annual report of operations at their plants on form TTB F 5110.75. These reports are used by TTB to monitor industry operations for compliance with Federal law.

*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.

Currently, TTB F 5110.75 is available on TTB.gov as a fillable/printable form. Respondents also may file TTB F 5110.75 electronically through the Pay.gov system (see <http://www.ttb.gov/epayment/epayment.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?*

We use TTB F 5110.75 and the notices and records contained in this information collection to collect 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 the corporate documents required by § 19.677; medium and small AFPs are exempt from this requirement. Large and medium AFPs 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 Federal distilled spirits excise tax. Operational records and annual reports on TTB F 5110.75 constitute a complete accounting, on a continuing basis, of spirits and alcohol fuel produced. Any less frequent collection would render the accounting meaningless.

*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* on April 24, 2015, at 80 FR 23071; soliciting comments from the public on the renewal of this information collection. TTB received no comments on 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 5110.75. However, 5 U.S.C. 522 protects proprietary information from disclosure, while 26 U.S.C. 6103 protects taxpayer information from disclosure.

The records required under this information collection generally are maintained by respondents who control the confidentiality of those documents. Records, notices, and reports submitted to TTB are maintained in secure file rooms and computer systems 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 Integrated Revenue Information 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?*

Respondents are the 1,663 AFPs established under the authority of 26 U.S.C. 5181.

The records required of AFP operations and transactions may consist of commercial documents maintained in the ordinary course of business if the documents contain all of the information required by the regulations and meet the other requirements set forth in 19.715(b). Therefore, the recordkeeping requirement of this information collection imposes no burden on the respondent as defined by 5 CFR 1320.7(b).

Estimates of the burden imposed by the notice and reporting requirements of this information collection were compiled by TTB specialists with extensive field experience assisting applicants and permittees to comply with these requirements. These estimates are as follows:

	No. of Respondents	No. of Responses Per Respondent	Annual Responses	Hours Per Response	Total Burden
TTB F 5110.75	1,663	1	1,663	1.1	1,829
Misc. Notices	955	1	955	1.0	*955
TOTALS			2,618		2,784

\*Contained in the universe of 1,663 respondents.

The record retention requirement for this information collection is three years.

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

No cost is associated with this collection.

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

Records required to be maintained by the AFP proprietor or notices required to be submitted to TTB will be of no cost to the Government.

Costs to the Government associated with the filing of TTB F 5110.75 are as follows:

Clerical costs .....	15,000
Administrative costs .....	<u>5,000</u>
Total.....	\$20,000

Printing and distribution costs have been deleted from TTB's cost estimate due to the various electronic methods that we have made available to the public to obtain copies of TTB forms. As a result, printing and distribution costs have decreased to \$ 0.00.

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?*

Recordkeeping and Notice Requirements: For the recordkeeping and notice submission requirements contained in this information collection, these are records kept at an AFP plant by the proprietor or are letter notices sent to TTB. These offer no medium to display the collection's OMB approval expiration date.

Regarding TTB F 5110.75: 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 on this form. 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.

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.