

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0011

Information Collection Request Title:

Formula and/or Process for Article Made With Specially Denatured Spirits.

Information Collections Issued under this Title:

TTB F 5150.19 – Formula and/or Process for Articles Made with Specially Denatured Spirits.

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, processed tobacco, 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.

Under the IRC, distilled spirits, other than those used for certain authorized nonbeverage purposes, are subject to a Federal excise tax of \$13.50 per proof gallon. To safeguard the revenue generated from this tax, the IRC at 26 U.S.C. 5273 provides that persons shall not use specially denatured spirits (SDS) in the manufacture or production of any article until approval of the article, formula, and process has been obtained from the Secretary, under such regulations as the Secretary prescribes.

The TTB regulations concerning denatured spirits are found in 27 CFR Part 20, Distribution and Use of Denatured Alcohol and Rum. The regulations which implement 26 U.S.C. 5273 are found at 27 CFR 20.91 through 20.94, 20.100, and 20.101. These regulations require all persons who use SDS in the manufacture of articles to submit formulas and processes for approval by TTB using form TTB F 5150.19 (except for "general use" formulas, which are provided for elsewhere in the regulations). These regulations also allow TTB to require samples of articles or ingredients, require TTB approval of certain changes to formulas, allow TTB to place restrictions on articles and their sale, and specify what information TTB requires for formula ingredients containing ethyl alcohol.

TTB examines the submitted TTB F 5150.19 forms to ensure that the article's formula and process complies with the requirements of 26 U.S.C. 5273, which, among other things, prohibits the withdrawal or sale of any denatured spirits for beverage purposes and prohibits the manufacture for internal human use of any article that contains denatured spirits in the finished product.

This information collection is aligned with —

- Line of Business/Sub-function: Law Enforcement/Substance Control.
- IT Investment: Regulatory Major Application Systems.

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

TTB laboratory personnel examine the formulas and processes reported on TTB F 5150.19 (or its Formulas Online (FONL) equivalent) to ensure that the articles being manufactured are, in fact, nonbeverage products and, in the case of internal medicinal preparations and flavoring extracts, that no denatured spirits remain in the finished product, as required by the IRC at 26 U.S.C. 5273. TTB field personnel may compare manufacturing records to approved formulas to ensure that articles are, in fact, being made in accordance with approved formulas and processes.

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 collection and maintenance of required information.

This information collection may be completed and submitted electronically via the Formulas Online (FONL) system, TTB's online portal for submitting formula applications. See <http://www.ttb.gov/foia/fonl-main.shtml>. In addition, TTB F 5150.19 is available as a fillable/printable form on the TTB Web site at <http://www.ttb.gov/forms/index.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 5150.19 contains information pertinent to each respondent and applicable to their specific formula and process. 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?

The IRC does not exempt or make special provisions for small manufacturers of articles containing SDS. In order to protect the revenue, all entities, regardless of the size of the business, must have their formulas and processes approved by TTB (except "general-use" formulas already approved for use).

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?*

Persons submit TTB F 5150.19 only as often as necessary to get new, or certain changes to, formulas and processes approved. Without TTB F 5150.19, persons manufacturing articles with SDS would have no means of complying with 26 U.S.C. 5273. In addition, TTB would not be able to verify that such articles are, in fact, manufactured in compliance with approved formulas and processes.

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 Wednesday, January 13, 2016, at 81 FR 1679. 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 5150.19 states: “All formulas, samples, and statements of process submitted for examination are considered to be trade secrets, and are therefore protected from public disclosure under the Freedom of Information Act, Public Law 93–502, 88 Stat. 1563, 5 U.S.C. 552(b)(4).”

TTB copies of submitted TTB F 5150.19 forms are stored in secure office space and password protected computer systems. Respondents keep copies of approved TTB F 5150.19 forms at their premises.

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. In addition, this information collection does not collect personally identifiable information (PII) in an

electronic system. Therefore, no Privacy Impact Assessment (PIA) or System of Records Notice (SORN) is required for this collection.

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

Based on the recent experience of TTB personnel who process TTB F 5150.19, TTB estimates that 1,132 respondents file an average of one form per year for a total annual burden of 827 hours:

Format	Respondents	Responses/ Respondent	Annual Responses	Hours Per Response	Total Burden Hours
Paper	651	1	651	0.90 (54 min)	586
FONL	481	1	481	0.50 (30 min)	241
Totals	1,132	1	1,132		827

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 to respondents 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	1,500
Other Salary costs (review, supervisory, etc.)	19,810
TOTAL COSTS	21,310

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, TTB is decreasing the estimated number of respondents due to a decrease in the number of specially denatured spirits users filing formulas on TTB F 5150.19. We are reporting a decrease in the estimated total burden hours for the same reason and also due to an increase in submissions of this form via TTB's Formulas Online System, which is less burdensome than the paper form. The estimated annual number of respondents and responses have decreased by 281, and the estimated total burden for this collection has decreased by 367 hours.

On the form, we are updating the TTB headquarters mailing address listed in the Paperwork Reduction Act statement.

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 or 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.
- (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.