

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0051

Information Collection Request Title:

Application for an Alcohol Fuel Producer Permit Under 26 U.S.C. 5181.

Information Collections Issued under this Title:

- TTB F 5110.74, Application and Permit for an Alcohol Fuel Producer Under 26 U.S.C. 5181.
- Application for New Alcohol Fuel Plant (Small, Medium, or Large) [in the Permits Online (PONL) System].

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.

The IRC at 26 U.S.C. 5181(a)(1) states that “[o]n such application and bond and in such manner as the Secretary may prescribe by regulation,” a person may establish a distilled spirits plant (DSP) solely for the purpose of producing, processing, storing, and using or distributing spirits for use as alcohol fuel. Such DSPs are known as alcohol fuel plants (AFPs). Also, as a type of DSP, AFPs are subject to the location, construction, and security regulations issued by the Secretary under the authority of 26 U.S.C. 5178(a), and to the still registration requirements of 26 U.S.C. 5179.

In addition, the distilled spirits produced at an AFP are potable, and, under 26 U.S.C. 5001, potable spirits are subject to a Federal excise tax of \$13.50 per proof gallon unless otherwise exempt from that tax. To prevent conversion of distilled spirits produced at an AFP to beverage use via diversion or theft, the IRC at 26 U.S.C. 5181(e) requires such spirits to be denatured (rendered unpotable) before they may be withdrawn from the AFP free of tax as authorized by 26 U.S.C. 5214(a)(12).

Under the statutory authorities noted above, TTB has issued regulations concerning the establishment, bonding, construction, equipment, security, and operation of AFPs. These regulations are set forth in 27 CFR Part 19, Distilled Spirits Plants, Subpart X, Distilled Spirits for Fuel Use.

Specifically, under the authority of 26 U.S.C. 5181, the TTB regulations require that a person wishing to establish an AFP must submit an application for an alcohol fuel producer permit using form TTB F 5110.74. This application form and its required supporting documents describe, among other things, the person(s) applying for the permit, the proposed AFP's location, its stills and the type(s) of materials to be distilled, the size category of the operation (small, medium, or large) based on the annual amount of alcohol fuel to be produced, and the security measures to be taken to protect the spirits from diversion and theft. The application also must include a diagram of the plant premises. In addition, existing alcohol fuel producer permit holders use TTB F 5110.74 to make certain amendments to their permit information.

The use of TTB F 5110.74 to apply for an original or amended alcohol fuel producer permit, or the inclusion of additional documentation with such an application, is prescribed in the following TTB regulations in 27 CFR, part 19, subpart X:

§ 19.673, Small plant permit applications.	§ 19.675, Medium plant permit applications.
§ 19.676, Large plant permit applications.	§ 19.677, Large plant applications— organizational documents.
§ 19.680, Registration of stills.	§ 19.683, Changes affecting permit applications.
§ 19.684, Automatic termination of permits.	§ 19.685, Change in type of alcohol fuel plant.
§ 19.686, Change in name of proprietor.	§ 19.688, Change in proprietorship.
§ 19.689, Continuing partnerships.	§ 19.690, Change in location.
§ 19.692, Qualifying for alternating proprietorship.	

The information required for an alcohol fuel producer permit is necessary to protect the revenue. The provided information allows TTB to determine the applicant's eligibility to obtain or modify a permit and determine whether the applicant's operations will be in conformity with Federal law and regulations, including those related to the construction, equipment, location, operations, and security of the AFP.

This information collection is aligned with —

- 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?

The information provided by applicants on TTB F 5110.74 and in any required supporting documentation assists TTB personnel to determine the applicant's eligibility to obtain an

alcohol fuel producer permit and determine whether the applicant's AFP operations will be conducted in conformity with Federal law and regulations.

This information is necessary to protect the revenue. As noted above, the distilled spirits produced at an AFP are potable, and, under 26 U.S.C. 5001, potable spirits are subject to a Federal excise tax of \$13.50 per proof gallon unless otherwise exempt from that tax. To prevent conversion of distilled spirits produced at an AFP to beverage use via diversion or theft, the IRC at 26 U.S.C. 5181(e) requires such spirits to be denatured (rendered unpotable) before they may be withdrawn from the AFP free of tax as authorized by 26 U.S.C. 5214(a)(12).

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?

Currently, TTB's Permits Online (PONL) system contains an electronic version of this information collection, Application for New Alcohol Fuel Plant (Small, Medium, or Large), which respondents may electronically complete, sign, and submit to TTB through the PONL system. The PONL system Customer Page is available at <https://www.ttb.gov/ponl/permits-online.shtml>.

In addition, TB F 5110.74, Application and Permit for an Alcohol Fuel Producer Under 26 U.S.C. 5181, is available on the TTB website as a fillable-printable form; see <https://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?

This collection provides TTB with information that is pertinent and unique to each respondent and applicable to the respondent's qualifications to operate an AFP as authorized by 26 U.S.C. 5181. 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 TTB regulations recognize three sizes of AFPs: "Small" plants are those that produce and receive 10,000 proof gallons or less per year, "medium" plants are those that produce and receive more than 10,000 but not more than 500,000 proof gallons per year, and "large" plants are those that produce and receive more than 500,000 gallons per year. All entities, regardless of size, are required by statute and the TTB regulations to apply for a permit to operate an AFP. Waiver of this requirement, simply because the respondent's business is small, could jeopardize the revenue.

However, the TTB regulations do reduce the burden on those applicants who wish to establish a "small" AFP. While the TTB regulations require applicants intending to operate medium and large plants to provide personal information, including criminal history, on the plant's owners, officers, and directors, and information on the business's financing, these requirements are not applied to applicants intending to operate small AFPs. Therefore, TTB

believes that this information collection does not have a significant impact on a substantial number of small businesses or other small entities.

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 information provided by this collection, TTB would not be able to determine whether a person is qualified for a permit to operate an AFP, and, because AFP proprietors remain liable for the Federal excise tax on the distilled spirits produced, there would be jeopardy to the revenue. Also, given that this collection is completed once to obtain an alcohol fuel producer permit and, afterwards, only on an as-needed basis to amend such permits, this information collection cannot be conducted less frequently.

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 Tuesday, February 14, 2017, at 82 FR 10630. 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?*

No specific assurance of confidentiality is provided for this collection. 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. In addition, TTB F 5110.74 contains a Privacy Act Information notice describing TTB's authority to collection the required information, its purpose for doing so, and to whom and for what purpose the information may be disclosed. TTB maintains these records in secure file rooms and computer systems with controlled 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. This information collection contains personally-identifiable information (PII), which is maintained in an electronic system, the Tax Major Application system. TTB has conducted a Privacy Impact Assessment (PIA) for that system, and a Privacy Act System of Records notice (SORN) has been issued for it under TTB .001-Regulatory Enforcement Record System, which was 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 following annual burden estimate is based on information provided by TTB's National Revenue Center, which processes this application:

	Number of Annual Respondents		Total Annual Respondents & Responses (1 response per year per respondent)	Average Burden Hours per Response	Total Annual Burden Hours
	TTB F 5110.74 (paper)	PONL (electronic) Application			
Private Sector (for-profit businesses and farms)	80	121	201	1.5 hours	302
Individuals	20	30	50	1.5 hours	75
TOTALS	100	151	251	1.5	377

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)?

Respondents complete this information collection only once to apply for an alcohol fuel producer permit and, afterwards, only on an occasional, as-needed basis to amend the information related to such permits. In addition, the business and personal information required for this collection is readily available to respondents. Therefore, TTB believes this information collection request imposes no annual costs on respondents.

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

Estimates of annual cost to the Federal Government are:

Overhead costs	\$402
Clerical costs	4,180
Other Salary costs (review, supervisory, etc.)	16,322
TOTAL COSTS	\$20,904

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 or adjustments associated with this collection.

Other changes: Currently, the word "permit" is missing from the title of this information collection. Therefore, for clarity, we are amending the title of this information collection to read "Application for an Alcohol Fuel Producer Permit Under 26 U.S.C. 5181." On the form, we are amending the title of the form to match the title as stated in the TTB regulations in 27 CFR part 19, "Application and Permit for an Alcohol Fuel Producer Under 26 U.S.C. 5181." We also are updating the mailing address for TTB headquarters listed in the form's 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?*

- (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.