

**DEPARTMENT OF THE TREASURY**  
**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**  
**Supporting Statement -- Information Collection Request**  
**OMB Control Number 1513-0044**

Information Collection Request Title:

Distilled Spirits Plants—Notices of Alternations and Changes in Production Status, and Alternating Premises Records. (Formerly, Notice of Change in Status of Plant.)

Information Collections Issued under this Title:

- Notices of Alternations and Changes in Production Status at Distilled Spirits Plants.
- Alternating Premises Records for Distilled Spirits 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 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 (Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

Under the IRC at 26 U.S.C. 5178(a), a distilled spirits plant (DSP) is a delineated place on which only certain authorized activities may be conducted. However, under section 5178(b), the Secretary may authorize other businesses on a DSP's premises upon application, if such activities will not jeopardize the revenue or are otherwise not prohibited by the IRC. Under the IRC at 26 U.S.C. 5221, DSP proprietors are required give written notification to the Secretary, in the form and manner prescribed by regulation, when they begin, suspend, or resume production of spirits. In addition, the IRC at 26 U.S.C. 5555 requires those liable for any tax imposed by chapter 51 of the IRC to keep such records, submit such returns and statements, and comply with such rules and regulations as the Secretary may prescribe.

Under those IRC authorities, TTB has issued regulations requiring DSP proprietors to provide written notification regarding alternations of DSPs between proprietors or customs purposes, and regarding changes to the production status of spirits. TTB also has issued regulations requiring DSP proprietors to keep alternating premises records when alternating operations at DSPs, including with an adjacent bonded wine cellar, taxpaid wine bottling

house or brewery, as a manufacturer of eligible flavors, or as general premises. These regulations are found in in 27 CFR Part 19, Distilled Spirits Plants, and are described below.

Issued under authority of 26 U.S.C. 5178(b):

- Section 19.141 governs the alternation of DSP premises between different proprietors, and paragraph (b) of that section requires that each proprietor file with TTB a letterhead notice (or the proprietors may file a jointly-signed notice) listing certain information about the alternation, such as names and plant numbers of the proprietors involved, the date and time of the alternation, and the purpose of the alternation.
- Section 19.142 governs alternations of DSPs for customs purposes, and paragraph (c) of that section requires a proprietor to file a letterhead notice with TTB listing certain information about the alternation, such as name and plant number of the proprietor involved, the date and time of the alternation, the purpose of the alternation, and the class of the temporary customs warehouse, if applicable.
- Section 19.143 governs alternations of DSPs for other purposes, including as an adjacent bonded wine cellar, taxpaid wine bottling house, or brewery, as a manufacturer of eligible flavors, or as general premises. While no prior notification to TTB is required for such alternations, paragraph (e) of this section requires DSPs proprietors to keep the alternating premises records required by § 19.627 each time a proprietor alternates operations at their premises.

Issued under authority of 26 U.S.C. 5221:

- Section 19.292 requires DSP proprietors to file a letterhead notice with TTB when beginning production of spirits, when suspending production of spirits for more than 90 days, and when resuming production of spirits after such a suspension.

Issued under the authority of 26 U.S.C. 5555:

- Section 19.627 requires DSP proprietors who alternate premises to or from bonded or taxpaid wine operations, a brewery, a manufacturer or nonbeverage products, or general premises to keep a logbook, or to keep commercial records, documenting certain information, including the date and hour of the alternation, the kind of premises involved, and the purpose of the alternation. As required by § 19.575, these records must be retained for at least 3 years, and the appropriate TTB officer may require their retention for up to an additional 3 years if deemed necessary to protect the revenue.

(Note: Section 19.144 governs alternations of DSP premises with volatile fruit-flavor concentrate plant premises. In such cases, the required alternation approval and recordkeeping requirements are contained in 27 CFR part 18 and are approved under OMB control number 1513-0006.)

The required letterhead notices alert TTB to the alternation of DSP premises between different proprietors or for customs purposes, or to changes in the production status of DSPs, and the required records document alternations of operations at DSPs. The required information is necessary to protect the revenue and ensure compliance with relevant laws and regulations concerning operations at DSPs, including prohibitions on certain activities or operations.

This information collection is aligned with —

- Line of Business/Sub-function: Law Enforcement/Substance Control.
- IT Investment: None.

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

The letterhead notices and records required under this information collection alert TTB to, or document, the alternation of DSP premises between different proprietors or operations, for customs purposes, or when the production of spirits begins, resumes, or is suspended. The required information is necessary to protect the revenue and ensure compliance with relevant laws and regulations concerning operations at DSPs, including prohibitions on certain activities or operations.

DSP proprietors file the required letterhead notices and keep the required records to document how a DSP premises is being used and which proprietor is legally liable for the plant's operations and excise tax liability, if any, at a given time. The required notices and records provide TTB, including its field personnel, with information concerning the current status of a DSP's premises (i.e., whether it is operating as a DSP, customs premises, bonded winery or taxpaid bottling house, brewery, nonbeverage product manufacturer, or general business premises), which, in turn, determines what activities may legally be conducted on the premises and the type and extent of the bond required.

*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 the required information. TTB notes that DSP proprietors may use technologies of their choice to prepare the required letterhead notices and to keep the required alternation logbook or commercial records, provided that such records are made readily available to TTB personnel.

*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 information collection requirement contains information pertinent to each respondent and applicable to the specific issue of alternation of DSP premises and changes in the production status of DSP premises. 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?*

Under IRC at 26 U.S.C. 5178(b) and 5221, all entities, regardless of size, are required to obtain approval of alternations of DSP premises and provide notification of changes in spirits production status. This information collection is, therefore, required only on an as-needed

basis, and TTB considers this collection to be the minimum necessary to ensure compliance with those statutes and the related regulations. To minimize the burden on all entities, including small entities, the TTB regulations allow for the use of a letterhead notice, or the keeping of a logbook or commercial records, to inform TTB of, or document, various DSP alternations and changes in production status.

*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?*

Approvals of alternations of DSP premises and notifications regarding changes in the production status of DSPs are required by statute at 26 U.S.C. 5178(b) and 5221, respectively. The letterhead notices and records required by the regulations issued under those authorities alert TTB to, or document, the alternation of DSP premises between different proprietors or operations and when spirits production begins, resumes, or is suspended. The required notices are filed with TTB, and the required records are kept, only on an as-needed basis. TTB considers these notification and recordkeeping requirements to be the minimum necessary to protect the revenue and ensure compliance with TTB administered laws 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?*

In general, there are no special circumstances associated with this information collection. In accordance with 27 CFR 19.575, the alternating premises records required under this information collection must be retained for not less than 3 years. However, the appropriate TTB officer may require proprietors to retain the required records for an additional 3 years if deemed necessary for the protection of the revenue.

*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 April 4, 2017, at 82 FR 16471. 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 information 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. TTB maintains the letterhead notices received under this information collection in secure file rooms with controlled access. The required alternating premises records remain under the control of the respondents.

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), and, as such, no PII is kept in or is retrievable from an electronic systems as a result of this information collection. 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 data provided by TTB personnel who receive the letterhead notices regarding alternations of DSP premises and TTB personnel familiar with the distilled spirits industry, TTB estimates the annual burden associated with this information collection as follows:

	<b>Respondents</b>	<b>Average Responses per Respondent</b>	<b>Total Responses</b>	<b>Burden Hours Per Response</b>	<b>Total Burden Hours</b>
Letterhead Notices (§§ 19.141, 19.142, and 19.292)	50	5	250	0.5 hours	125
Alternating Premises Records (§§ 19.141 and 19.627)	1,200	5	6,000	0.5 hours	3,000
<b>TOTALS:</b>	<b>1,250</b>	<b>5</b>	<b>6,250</b>		<b>3,125</b>

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 annual cost to respondents associated with this information collection.

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

There is no annual cost to the Federal Government associated with this collection.

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

Program changes:

In the past, TTB has reported the notice and recordkeeping requirements approved under this information collection request as a single information collection. However, as a matter of agency discretion, TTB is now clarifying that these are two separate information collections, one for notifications and one for recordkeeping, each of which is required by different regulatory sections in 27 CFR part 19. Therefore, TTB is modifying the title of the existing notification information collection associated with this request and is adding a recordkeeping information collection to this request to reflect the separate nature and burdens of the two collections. As a result, TTB is dividing the previously-reported burden for this request between the notification and recordkeeping information collections. In addition, TTB is modifying the title of this information collection request to clarify that it contains separate notice and record collection requirements.

Adjustments:

While TTB is dividing the existing burden for this information collection request between the notice and record collection requirements, TTB is increasing the overall estimated number of annual respondents, responses, and burden hours associated with this request due to an increase in the number of DSPs regulated by TTB, resulting from recent growth in the distilled spirits industry. The average number of annual responses and the average response time per respondent remains the same.

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?*

This information collection consists of letterhead notices sent to TTB by DSP proprietors and records kept by DSP proprietors at their premises. There is no prescribed TTB form for this information collection, and, as such, there is no medium for TTB to display the information collection's OMB approval expiration date.

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.