

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0028

Information Collection Request Title:

Application for an Industrial Alcohol User Permit.

Information Collection Instruments Issued under this Title:

- TTB F 5150.22, Application for an Industrial Alcohol User Permit.
- Permits Online (PONL) — Original SDA / TFA Applications (Application for New Specially Denatured Spirits Dealer; Application for New Specially Denatured Spirits User; and Application for New Tax Free Alcohol User).

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. 5271 authorizes the Secretary of the Treasury to prescribe regulations requiring persons who procure or use tax-free distilled spirits for certain nonbeverage purposes (hospitals, laboratories, research centers, etc.), who procure, use, or deal in specially denatured spirits, or recover specially or who completely denatured distilled spirits to apply for and receive a permit to do so prior to commencing such activities.

Under this authority, TTB has issued regulations in 27 CFR Part 20, Distribution and Use of Denatured Alcohol and Rum, and 27 CFR Part 22, Distribution and Use of Tax-Free Alcohol, which require persons wishing to engage in such activities to apply for and receive a permit to do so using form TTB F 5150.22, Application for an Industrial Alcohol User Permit. Specifically, under 27 CFR 20.41, respondents use TTB F 5150.22 to apply for a permit to withdraw and deal in, or to withdraw and use or recover, specially denatured alcohol. Under 27 CFR 22.41, respondents use TTB F 5150.22 to apply for a permit to withdraw and use tax-free alcohol. In addition, the TTB regulations at 27 CFR 20.42 and 22.42 describe the data required to be submitted for the permit application, §§ 20.43 and 22.43 set forth

exceptions to the application requirements, and §§ 20.45 and 22.45 specify the supporting organizational and ownership documents required as part of the application.

TTB uses the information reported on the application form and the supporting documents to, among other things, determine the eligibility of the applicant to engage in certain operations, the location of the business, and whether the operations will be conducted in conformity with Federal laws and regulations.

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?

TTB uses the information reported on TTB F 5150.22 and the supporting documents to determine the eligibility of the applicant to obtain an Industrial Alcohol User Permit, which allows the permit holder to withdraw and deal in, or withdraw and use or recover specially denatured spirits, or to withdraw and use tax-free alcohol. The required information allows TTB to determine, among other things, the respondent's eligibility to engage in certain activities related to specially denatured spirits or tax-free alcohol, the location and extent of the business, and whether the activities will be conducted in conformity with Federal laws and regulations.

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, a respondent may electronically submit an application for an Industrial Alcohol Permit using TTB's Permits Online (PONL) system at <https://www.ttb.gov/ponl/permits-online.shtml>. In addition, this application is available as a fillable-printable form, TTB F 5150.22, on the TTB website at <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?

TTB F 5150.22 (and its PONL equivalent) contains information pertinent to each respondent and applicable to the specific issue of applying for an Industrial Alcohol User Permit. 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?

TTB believes that the required information is the minimum necessary to implement the statutory provisions and that a waiver or reduction of the regulatory requirements, just because of the respondent is a small entity, could jeopardize the revenue. In addition, TTB notes that the regulations at 27 CFR 20.43 and 22.43 allow the appropriate TTB officer to waive certain application and supporting document requirements related to alcohol recovery, restoration, and redistillation in the case of all applications filed by States or their political

subdivisions and the District of Columbia, and for applicants where the appropriate TTB officer “has determined that the waiver of such requirements does not pose any jeopardy to the revenue or a hindrance of the effective administration” of the applicable regulations.

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?

Respondents file an Application for an Industrial Alcohol User Permit only on an as-needed basis before commencing certain operations involving specially denatured spirits or tax-free alcohol. As such, this information collection cannot be conducted less frequently. If TTB did not conduct this information collection, the Bureau would not be able to: (1) Determine the eligibility of individuals to engage in designated operations (normally based on background investigations, documentation of previous dealings with our agency on alcohol related matters, etc.); (2) control the use of tax-free spirits and the use of and operations in specially denatured spirits; or (3) determine if such operations conform with Federal 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?

There are no special circumstances associated with this information collection (see 5 CFR 1320.5(d)(2)).

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 September 11, 2017, at 82 FR 42722. 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 application. However, TTB F 5150.22 and its PONL equivalent contain Privacy Act statements describing the purpose and routine uses of the provided information. In addition, 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 these applications 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. However, it does collect personally identifiable information (PII), and, as such, TTB has completed a Privacy Impact Assessment (PIA) for information collected under this request as part of the Tax Major Application System. A Privacy Act System of Records notice (SORN) has been issued for that system 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?

Currently, per data from TTB's National Revenue Center, which processes industrial alcohol user permit applications, 510 respondents each submitted one such application during the past year (450 private sector respondents and 60 State and local government respondents), at a total estimated annual burden of 357 hours. The burden for this information collection is estimated as follows:

Application for an Industrial Alcohol User Permit (1513-0028)				
	Annual Number of Respondents	Annual Responses (1 per respondent per year)	Hours per Response	Total Annual Burden Hours
Private Sector (PONL)*	270	270	0.5	135
Private Sector (Paper Form)	180	180	1.0	180
Private Sector Totals	450	450	(0.7 avg.)	315
State & Local Government (PONL)*	36	36	0.5	18
State & Local Government (Paper Form)	24	24	1.0	24
Government Totals	60	60	(0.7 avg.)	42
TOTALS	510	510	(0.7 avg.)	357

* PONL = Permits Online, TTB's electronic permit application system.

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)?*

As an application filed only once before the commencement of certain industrial alcohol operations, TTB believes that there are no annual costs 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:

Clerical costs	3,384
Other Salary costs (review, supervisory, etc.)	13,538
TOTAL COSTS	16,922

Printing and distribution costs to the Federal government have decreased to \$0.00 in TTB's cost estimate due to the availability of this application in TTB's Permits Online (PONL) system and as a fillable-printable form, TTB F 5150.22, on the TTB website.

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

There are no program changes associated with this information collection. As for adjustments, TTB is decreasing the number of annual respondents and responses from 575 (505 private sector and 70 government) to 510 (450 private sector and 60 government) due to a decrease in the number of respondents submitting industrial alcohol user permit applications. This also results in a decrease of the estimated annual burden from 435 hours (383 private section and 52 government) to 357 hours (315 private section and 42 government).

16. *Outline plans for tabulation and publication for collections of information whose results will be published.*

TTB will not publish the results of this information 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?*

TTB will display the expiration date of OMB approval for this collection on TTB F 5150.22.

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.