

**DEPARTMENT OF THE TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement — Information Collection Request**

**Application for Basic Permit under the Federal Alcohol Administration Act**

**OMB Control Number 1513–0018**

Information Collection Instruments Issued under this Title:

- TTB F 5100.24, Application for Basic Permit under the Federal Alcohol Administration Act.
- Permits Online (PONL), New Alcohol Beverage Applications (equivalent to TTB F 5100.18 for new beverage Distilled Spirits Plants and Bonded Wine Premises FAA Act applications).
- Permits Online (PONL), New Alcohol Wholesaler / Importer Application (equivalent to TTB F 5100.18 for alcohol beverage Wholesaler and Importer FAA Act basic permit applications).

**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 the Federal Alcohol Administration Act (FAA Act, 27 U.S.C. chapter 8), 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 FAA Act administrative and enforcement authorities to TTB through Treasury Department Order 120–01.

In order to effectively regulate interstate and foreign commerce in alcohol beverages, enforce the 21<sup>st</sup> amendment to the Constitution of the United States, protect the revenue, and enforce the postal laws with respect to alcohol beverages, section 103 of the FAA Act (27 U.S.C. 203) requires that a person must apply to the Secretary for a "basic permit" before beginning business as (1) an importer into the United States of distilled spirits, wine, or malt beverages, (2) a producer of distilled spirits or wine, or (3) a wholesaler of distilled spirits, wine, or malt beverages. In addition, section 104 of the FAA Act (27 U.S.C. 204(c)) describes who is and who is not entitled to a basic permit, and it authorizes the Secretary to prescribe the manner and form of, and the information required in, basic permit applications.

Under these authorities, the TTB regulations in 27 CFR part 1, subpart C (§§ 1.20 through 1.59), prescribe from who and when FAA Act basic permits are required, prescribe the TTB forms to be used for new and amended basis permits, and govern the amendment, duration, termination, revocation, suspension, annulment, and other aspects of such permits.

Specific to this information collection request, 1513–0018, 27 CFR 1.25 requires that new basic permit applications must be made on form TTB F 5100.24.<sup>1</sup> Section 1.27 requires respondents to notify TTB of any changes in ownership, management, or control of their business after submission of their basic permit application but prior to TTB’s final action on the application. In addition, § 1.29 requires a basic permit application for each individual plant or premises where any of the activities specified in section 103 of the FAA Act takes place. Further, under the requirements of § 1.58, basic permit holders must maintain the permit at the place of business covered by the permit and make that permit available upon request by an appropriate TTB officer, and alcohol beverage importers must supply their permit number to U.S. Customs and Border Protection when electronically filing import data with that agency.

The information collected under this request enables TTB to determine the location of the business, its ownership or control, the extent of its operations, and if the applicant(s) is (are) qualified under the FAA Act to receive a basic permit. Basic permit qualifications help ensure that alcohol beverage industry members are likely to operate their businesses in conformity with Federal laws and regulations related to the labeling, advertising and marketing of alcohol beverage products, as well as those related to alcohol excise tax liability and payment.

This information collection is aligned with —

- Line of Business/Sub-function: Law Enforcement/Substance Control.
- IT Investment: Tax Major Applications System and Permits Online (PONL).

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

The information provided by a respondent on a basic permit application enables TTB to determine the location of the applicant’s business, its ownership or control, the extent of its operations, and if the applicant(s) is (are) qualified under the section 104 of the FAA Act (27 U.S.C. 204) to receive a basic permit. If TTB approves the application, the issued basic permit identifies the person(s) entitled to engage in the specified alcohol beverage activities, the location of the permitted establishment, and the extent of its authorized operations. Basic permit qualifications help ensure that alcohol beverage industry members are likely to operate their businesses in conformity with Federal laws and regulations related to the labeling, advertising and marketing of alcohol beverage products, and those related to alcohol excise tax liability and payment.

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.

Respondents may complete, sign, and submit applications for new FAA Act basic permits using TTB’s electronic, web-based “Permits Online” (PONL) system (see

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<sup>1</sup> Respondents file applications for amended FAA Act basic permits on form TTB F 5100.18 (or its electronic equivalent), which is approved under OMB Control No. 1513–0019.

<https://www.ttb.gov/ponl/permits-online.shtml>). The PONL system also allows respondents to edit and track the approval of basic permit applications.

In addition, TTB F 5100.24, Application for Basic Permit under the Federal Alcohol Administration Act, is available as a fillable-printable form 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 5100.24 (and its PONL equivalent) provides TTB with information pertinent to each respondent and applicable to the specific issue of application and qualification for an FAA Act basic permit. As far as TTB is able to determine, similar information is not available to the Bureau elsewhere.

*5. If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?*

All entities, regardless of size, are required by statute to obtain a basic permit to engage in certain specified alcohol beverage-related businesses. This information collection is required in order to determine if a person is qualified to receive a basic permit under the FAA Act, and it cannot be waived because the respondent's business is small.

*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?*

If TTB did not collect this information, it would be unable to determine if an applicant is eligible to receive a basic permit under the FAA Act. In addition, under section 104(g) of the FAA Act (27 U.S.C. 204(g)), a basic permit continues in effect until it is suspended, revoked, or voluntarily surrendered, or if legal control of the permitted business changes. As such, respondents complete this information collection only as necessary to comply with the statute, and, as such, TTB cannot conduct this collection 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 May 30, 2018, at 83 FR 24842. 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 information 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 on TTB F 5100.24. However, Federal law at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated businesses and individuals unless disclosure is specifically authorized by law. TTB maintains basic permit 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.

Privacy Impact Assessments (PIAs) have been conducted for TTB's Tax Major Applications System and Permits Online (PONL) system, which contain the personally identifiable information (PII) collected under this request. A Privacy Act System of Records notice (SORN) has been issued for those systems 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 <https://www.ttb.gov/foia/pia.shtml>.

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

TTB estimates that 6,000 respondents will respond once per year to this information collection, for a total of 6,000 annual responses. TTB further estimates that 4,500 of those respondents (75%) will submit their FAA Act basic permit applications electronically via the PONL system, and that 1,500 respondents (25%) will submit their applications on the paper form, TTB F 5100.24. TTB also estimates that each PONL basic permit application will take respondents an average of 1 hour to complete, while a paper application on TTB F 5100.24 will take respondents an average of 1.5 hours (90 minutes) to complete. Therefore, TTB estimates the total number of burden hours associated with this information collection as follows:

	<i>No. of Annual Respondents</i>	<i>No. of Annual Responses (1 per respondent)</i>	<i>Hours per Response</i>	<i>Total Annual Burden Hours</i>
PONL	4,500	4,500	1.0	4,500
Paper (F 5100.24)	1,500	1,500	1.5	2,250
<b>Totals</b>	<b>6,000</b>	<b>6,000</b>	<b>(ave. 1.125)</b>	<b>6,750</b>

Retention requirement: Under 27 CFR 1.58, each person receiving an FAA Act basic permit must maintain the permit at the place of business covered by the permit and must make it available upon request by an appropriate TTB officer.

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)?*

TTB estimates the average costs to respondents resulting from this information collection at \$4.00 per response in overhead and material costs, for a total of \$24,000.00 in such costs. In addition, TTB estimates the average salary costs to respondents resulting from this information collection as \$38.69 per response, for a total of \$232,140 in such costs. Therefore, based on an average cost per response of \$42.69, the total estimated cost to respondents resulting from this information collection is \$256,140.00.

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

TTB estimates the annual cost to the Federal Government for this collection as follows:

Clerical costs	3,840
Other Salary costs (review, supervisory, etc.)	150,000
<b>TOTAL COSTS</b>	<b>\$153,840</b>

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 forms page at <https://www.ttb.gov/forms/5000.shtml>.

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

Program changes: TTB notes that on previous editions of TTB F 5100.25, Item 8 required applicants to list the sole owner or, as appropriate, the partners, LLC members/managers, or corporate officers, directors, and shareholders with more than 10 percent voting stock involved in the applicant business. And, Item 9 then required applicants to provide for each

person listed in Item 8, their full name, date and place of birth, social security or employer identification number, U.S. citizenship (yes or no), gender, other names used (maiden name, nick names, etc.), and residences during the past five years.

As a matter of agency discretion, TTB is now eliminating the Item 9 data fields on TTB F 5100.24 regarding U.S. citizenship and residences during the past five years. TTB has concluded that it no longer needs such information to identify persons involved in the applicant business or to make determinations regarding their eligibility to receive a basic permit. As a result of eliminating those two Item 9 data fields, TTB is decreasing the estimated time to complete TTB F 5100.24 by 15 minutes, from 1.75 hours to 1.5 hours, resulting in an estimated burden decrease of 375 hours for this information collection. (TTB is not adjusting the estimated time to complete an electronic FAA Act basic permit application in PONL since such the ownership information section in PONL is accounted for under the clearance for 1513–0002, Personnel Questionnaire. TTB will adjust the burden estimate for 1513–0002 in the near future.)

Adjustments: While the program change noted above results in an estimated burden decrease of 375 hours for this information collection, TTB is increasing the overall total number of annual respondents, responses, and burden hours associated with it due to changes in agency estimates. These increases are the result of continued growth in the number of alcohol beverage industry members who require FAA Act basic permits to legally operate, which has increased the number of such applications submitted annually to TTB. TTB also is providing a respondent cost burden estimate for this information collection.

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

To comply with the Freedom of Information Act's requirement to make frequently requested and released records publically available, TTB publishes lists of alcohol beverage industry members who hold FAA Act basic permits on its website at <https://www.ttb.gov/foia/fri.shtml>. These lists include distilled spirits producers and bottlers, permit holders in Puerto Rico, and wine producers, alcohol importers, and alcohol wholesalers listed by State. These lists contain each business's basic permit number, its business name(s), and the address of the permitted premises.

*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 requests approval to not display the expiration date for OMB approval of this information collection on TTB F 5100.24 or in the PONL basic permit application. By not displaying the expiration date of this collection on the paper form or in PONL, TTB will not have to update the expiration date on the PONL website pages or on the paper form each time the information collection is approved. More importantly, this avoids confusion among respondents to this information collection when the OMB approval date may have passed but the approval for this collection continues on a month-to-month basis while the collection is under OMB review. In addition, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the forms, including any versions of the forms 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?*

- (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.