

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0011

Formula and/or Process for Article 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 (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 Order 120–01.

In general, under the IRC at 26 U.S.C. 5214, distilled spirits used in the manufacture of nonbeverage articles are not subject to Federal excise tax.¹ However, under the IRC at 26 U.S.C. 5273, persons who intend to produce such articles using specially denatured distilled spirits (SDS) must obtain prior approval of their formulas and manufacturing processes. For medicinal preparations and flavoring extracts intended for internal human use, section 5273 also prohibits SDS from remaining in the finished articles.

Under that IRC authority, the TTB regulations in 27 CFR Part 20, Distribution and Use of Denatured Alcohol and Rum, require persons intending to manufacture nonbeverage articles with SDS to file the required formula and process approval requests for such products using TTB F 5150.19, Formula and/or Process for Article Made With Specially Denatured Spirits. Specifically, those regulations are found at 27 CFR 20.91 through 20.94, 20.100, and 20.101. Those regulations also allow TTB to require samples of the 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. (The part 20 regulations also exempt certain “general use” formulas for SDS articles from these formula submission requirements.)

The collected formula and process information is necessary to protect the revenue and ensure compliance with the IRC provisions and TTB regulations regarding the use of SDS, which is withdrawn without tax payment, in the manufacture of nonbeverage articles. TTB uses the provided information to verify that the described articles are, in fact, nonbeverage

¹ Nonbeverage articles include medicines, medicinal preparations, food products, flavors, flavoring extracts, and perfume that are unfit for beverage purposes.

products made in compliance with 26 U.S.C. 5273. TTB also may compare manufacturing records to approved formulas to verify that nonbeverage articles produced with SDS are being made in accordance with their approved formulas and processes.

This information collection is aligned with —

- Line of Business/Sub-function: General government / Taxation management.
- IT Investment: Formulas Online.

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

To protect the revenue and ensure compliance with the relevant provisions of the IRC and the TTB regulations, TTB laboratory personnel examine the formulas and processes submitted by respondents on TTB F 5150.19 (or its Formulas Online (FONL) equivalent) to ensure that articles manufactured with SDS are, in fact, nonbeverage products, and, in the case of internal medicinal preparations and flavoring extracts, that no denatured spirits remain in the finished articles. TTB field personnel may compare manufacturing records with approved formulas to ensure that the nonbeverage articles in question are being made in accordance with the TTB-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 <https://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 <https://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?

This collection require provides TTB with information that is pertinent to each respondent and applicable to their specific nonbeverage article 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 nonbeverage articles produced with SDS. In order to protect the revenue, all entities, regardless of their size, must have their nonbeverage article 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?*

Respondents submit this information collection only as often as necessary to request TTB approval of new, or certain changes to, formulas and processes for nonbeverage articles made with SDS, and, as such, this collection cannot be conducted less frequently. In addition, without TTB F 5150.19, persons manufacturing such articles with SDS would have no means of complying with 26 U.S.C. 5273, and TTB would not be able to verify that such articles are being 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 that would require it to be inconsistent with OMB guidelines.

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 Thursday, March 28, 2019, at 84 FR 11867. 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?*

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).”

In addition, the formula and process information submitted to TTB on TTB F 5150.19 or via Formulas Online 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 SDS nonbeverage article formula and process approval request per year for a total annual burden of 827 hours:

Format	Respondents	Responses/ Respondent	Annual Responses	Time Per Response	Total Burden Hours
Paper	651	1	651	54 min.	586
FONL	481	1	481	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 annualized costs to respondents associated with this occasional information collection.

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

Estimates of annual cost to the Federal Government are:

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 at <https://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 information collection at this time.

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 information collection on TTB F 5150.19.

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.