

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0063

Stills: Notices, Registrations, and Records (TTB REC 5150/8).

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 (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Order 120–01.

In general, the IRC at 26 U.S.C. 5001 imposes a Federal excise tax on distilled spirits produced in or imported into the United States for beverage purposes, and, as such, the illegal use of stills to produce untaxed distilled spirits would jeopardize revenue. To protect the revenue, various sections of the IRC and the TTB regulations issued under those IRC authorities—contained in 27 CFR Part 29, Stills and Miscellaneous Regulations—establish a comprehensive system for regulating stills. This information collection covers all notices, registrations, and records mandated or authorized by law or the TTB regulations with respect to stills. The requirements contained in this information collection are:

- a. Notice of manufacture of still (26 U.S.C. 5101 and 27 CFR 29.47). Where deemed necessary to protect the revenue, TTB may require a manufacturer to file a letterhead notice before removing a still from its place of manufacture.
- b. Notice of set up of still (26 U.S.C. 5101 and 27 CFR 29.49). When deemed necessary to protect the revenue, TTB may require a manufacturer to file a letterhead notice before setting up a still.
- c. Registration (26 U.S.C. 5179 and 27 CFR 29.55). Every person who has possession, control, or custody of a still must register the still or distilling apparatus on the registration or permit application prescribed in title 27 Code of Federal Regulations for qualification under 26 U.S.C. chapter 51, or if qualification is not required, by letter application to TTB. When a registered still is removed, sold, or otherwise disposed of, the registrant must notify TTB of this change by letterhead notice.

- d. Records (27 CFR 29.59). Every manufacturer and vendor of stills must maintain at their premises a record pertaining to all stills manufactured, received, removed, or otherwise disposed of. No specific format is prescribed and the record may consist of usual and customary business records if the required information is shown, and such records must be retained for 3 years.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: None.

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

TTB uses this information collection to maintain accountability over stills and to verify their registration, which is necessary to protect the revenue. The use of unregistered or otherwise unaccounted-for stills to illegally produce untaxed distilled spirits would result in the loss of Federal tax revenue.

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.

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?

The notices and records required under this collection contain information pertinent to each respondent and applicable to the specific issue of regulating the manufacture, setup, disposal, and registration of stills. 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?

All entities, regardless of size, are required by 27 CFR part 29 to submit the notices or to keep the records related to stills required under this information collection. Waiver or reduction of this collection's requirements, simply because of the size of the respondent's business, could jeopardize the revenue. However, TTB believes that this collection does not have a significant impact on a substantial number of small businesses or other 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?

TTB believes these notice and recordkeeping requirements are the minimum required to maintain accountability over stills. Not conducting this information collection would jeopardize the revenue as unaccounted-for stills could be used to illegally produce untaxed distilled spirits. In addition, this information collection is conducted only on an as-needed basis and it therefore 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? (See 5 CFR 1320.5(d)(2).)

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 May 21, 2019, at 84 FR 23157. 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. However, Federal law at 5 U.S.C. 552(b)(4) 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 the IRC. TTB maintains the collected information in secure office space 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. 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 recent experience, for the notice and registration requirements associated with this information collection (see 27 CFR 29.47, 29.49, and 29.55), TTB estimates that 10 respondents will make an average of 4 responses each per year, for a total of 40 annual responses. TTB further estimates that each response takes 1 hour to complete, for an estimated total annual burden of 40 hours.

As for the still manufacturer and vendor records required under this information collection (see 27 CFR 29.59), TTB notes that respondents may meet that requirement by keeping usual and customary records generated during the normal course of business. Under the OMB regulations at 5 CFR 1320.3(b)(2), the keeping of such usual and customary business records imposes no burden on respondents. As such, the recordkeeping portion of this information collection imposes no burden its estimated 10 respondents.

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 believes that respondents do not bear any annualized capital or start-up costs as a result of this occasional information collection, which is based on usual and customary records kept by respondents during the normal course of business. However, TTB estimates that respondents have annualized non-labor costs (overhead and postage) of \$2.00 and annualized labor costs of \$33.10 per response sent to TTB as a result of this information collection. Therefore, TTB estimates that this information collection's annual cost to respondents is \$80.00 for non-labor costs and \$1,324.00 for labor costs, for a total \$1,404.00 in annual costs to respondents.

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

Based on recent experience, TTB estimates the cost to the Federal Government for this information collection request as follows:

Overhead costs	\$40.00
Clerical costs	\$68.00
Other Salary costs (review, supervisory, etc.)	\$360.00
TOTAL COSTS	\$468.00

As there is no TTB form associated with this information collection, there are no printing and distribution costs to the Federal government for this collection.

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, due to changes in agency estimates resulting from a reevaluation of this information collection's requirements, TTB is reducing the estimated per-response time for

this collection from 1.06 hours to 1 hour, resulting in a decrease in its estimated total annual burden from 42.4 hours to 40 hours.

Also, TTB has previously reported that this information collection's burden was evenly divided between its reporting and recordkeeping requirements. However, because the required records are usual and customary business records kept during the normal course of business, and the keeping of such records imposes no burden on respondents per the OMB guidelines at 5 CFR 1320.3(b)(2), as a matter of agency discretion, TTB is now listing this collection's entire estimated annual burden of 40 hours as reporting.

In addition, due to a reevaluation of this information collection's burden, TTB is now estimating that each respondent will face salary, overhead, and postage costs of up to \$35.10 per response to this collection. TTB also is now estimating that the Federal Government has \$468.00 in total annual overhead, clerical, and salary costs related to the processing of the notices received in response to this information collection.

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?

This information collection consists of letterhead notices generated by respondents, and usual and customary business records kept by respondents at their premises. As such, there is no medium for TTB to display the 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 information collection does not employ statistical methods.