

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement -- Information Collection Request**

**OMB Control Number 1513-0002**

**Personnel Questionnaire — Alcohol and Tobacco Products**

**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.), as well as the Federal Alcohol Administration Act (FAA Act, 27 U.S.C. 201 *et seq.*), pursuant to section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d). The Secretary of the Treasury (the Secretary) also has delegated certain IRC and FAA Act administrative and enforcement authorities, including those related to the issuance of alcohol and tobacco permits, to TTB through Treasury Order 120–01.

The IRC, at 26 U.S.C. 5171, 5181, 5271, 5356, 5401, 5502, 5511, and 5712 requires all persons who desire to engage in certain alcohol and tobacco activities to apply for and obtain a permit or registration from, or file a notice with, the Secretary before beginning operations. Those IRC sections also authorize the Secretary to issue regulations regarding such applications and notices as are necessary to protect the revenue and ensure lawful operations. Additionally, sections 5171, 5271, and 5712 specifically deny particular permits to applicants, including company officers, directors, and principle investors, who the Secretary finds are not likely to lawfully operate or who have certain criminal convictions. The FAA Act at 27 U.S.C. 204 also requires persons wishing to engage certain alcohol beverage activities to obtain a permit from the Secretary, in the manner and form prescribed by regulation. That FAA Act section also allows the Secretary to deny permits to applicants, including company officers, directors, and principle investors, who the Secretary finds are not likely to lawfully operate or who have certain criminal convictions.

Under its delegated IRC and FAA Act authorities, TTB has issued regulations in 27 CFR chapter I requiring prospective alcohol and tobacco industry members to submit new or amended permit and registration applications, or new or amended notices, to TTB before they commence, join, or takeover a regulated entity or before altering its operations. Those applications are approved separately under various OMB control numbers.

The TTB regulations also authorize the collection of supplemental information from applicants, including company officers, directors, and principle investors, so that TTB can

determine if they meet the statutory and regulatory qualifications for the required permits, registrations, or notices (hereafter collectively referred to as “permits”). The supplemental information required by TTB may include information on an applicant’s identity and their arrest, criminal, and business history. Applicants provide such information to TTB using form TTB F 5000.9, Personnel Questionnaire—Alcohol and Tobacco Products, or its electronic equivalent in TTB’s Permits Online (PONL) system, as approved under this OMB control number, 1513–0002.

The TTB regulations in 27 CFR chapter I that authorize an appropriate TTB officer to require a permit applicant to submit supplemental information, including a Personnel Questionnaire, are found in:

1.24	1.25	1.42	18.21	18.27	19.92
19.126	19.673	19.675	19.676	19.683	20.42
20.56	22.42	22.57	24.109	24.120	25.61
25.62	25.71	40.73	40.74	40.497	40.498
41.197	41.198	41.237	41.238	44.91	44.92.

This information collection is aligned with:

- Line of Business/Sub-function: Law Enforcement / Substance Control.
- IT Investment: Tax Major Application System.

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

When required by TTB, permit applicants complete a Personnel Questionnaire in order to provide TTB with uniform information regarding their identity and their arrest, criminal, and business history. TTB personnel use the collected information to determine whether or not permit applicants, including company officers, directors, or principal investors, meet the statutory and regulatory qualifications to hold a Federal alcohol or tobacco permit. The collected information assists TTB in preventing unqualified persons from entering the alcohol and tobacco industries, which is necessary to protect the revenue and ensure lawful operation of alcohol and tobacco businesses.

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. Currently, respondents may electronically complete and submit this information collection using the Personnel Questionnaire portion of TTB’s internet-based Permits Online (PONL) system. Respondents also may electronically complete and then print TTB F 5000.9, Personnel Questionnaire—Alcohol and Tobacco Products, for mailing to TTB. Both collection instruments are available via the TTB website at <https://www.ttb.gov>.

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's Personnel Questionnaire collects information regarding a permit applicant's identity and their arrest, criminal, and business history, which is pertinent and specific to each individual respondent. Such information is not available to TTB elsewhere.

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

TTB uses the information collected via Personnel Questionnaires to determine whether or not permit applicants meet the statutory and regulatory qualifications to hold a Federal alcohol or tobacco permit. This determination allows TTB to prevent unqualified persons, including those with certain criminal convictions, from entering the alcohol and tobacco industries. While many of the respondents to this information collection are proprietors of, or are involved with, small businesses, the IRC eligibility requirements for alcohol and tobacco industry permits and the FAA Act eligibility requirements for alcohol beverage industry permits are statutory and 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 the personal identity, arrest, criminal, and business history information provided via the Personnel Questionnaire, statutorily unqualified persons could enter the alcohol and tobacco industries. If TTB could not detect such applicants, it would be less able to protect the revenue and ensure lawful operation of alcohol and tobacco businesses. Also, as the Personnel Questionnaire is provided only when a respondent applies for a new or amended alcohol or tobacco permit, this collection 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?*

While the PONL system and TTB F 5000.9 contain a Privacy Act Statement, which includes information regarding the disclosure of the applicant's Social Security number, no specific assurance of confidentiality is provided for this information collection. However, 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated businesses and individuals, while 26 U.S.C. 6103 prohibits disclosure of tax returns and related information unless disclosure is authorized by the IRC. TTB maintains the collected information in secure office space with controlled access and in password-protected computer systems.

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.*

Sensitive Questions: Under the IRC and FAA Act, persons with certain criminal convictions cannot hold a Federal alcohol or tobacco industry permit. To enforce those statutory provisions, this information collection requires respondents to disclose their arrest and criminal record, if any.

Personally Identifiable Information: This collection requires information regarding the respondent's identity, and arrest, criminal, and business history. TTB has completed a Privacy Impact Assessment (PIA) for the collected information as part of the Tax Major Application System, and has issued a Privacy Act System of Records notice (SORN) 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 <https://www.ttb.gov/foia/privacy-impact-assessments>.

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

Based on the recent experience of TTB personnel who process permit applications, TTB estimates the annual burden for this information collection is as follows:

	Respondents (1 response/year)	Percentage of Responses	Time per Response	Total Burden Hours
PONL Personnel Questionnaire	8,350	89% electronic	50 minutes	6,958
TTB F 5000.9	1,000	11% paper	60 minutes	1,000
<b>TOTALS</b>	<b>9,350</b>	<b>100%</b>	<b>(51.067 min. avg.)</b>	<b>7,958</b>

Labor cost burden: TTB estimates the per-response and total labor cost burden for this information collection as follows:

Labor Category	Fully-loaded Labor Rate/Hour <sup>1</sup>	Time/Response	Labor Cost/Response	Labor Costs for 9,350 Annual Responses
Professional & managers	\$44.30	51.067 minutes	\$37.70	\$352,495.00

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)?

Because the collected personal information is readily known to respondents, and because respondents submit such information only on an occasional basis, TTB believes there are no annual costs to respondents associated with this information collection.

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

TTB estimates the annual costs to the Federal Government for this information collection as follows:<sup>2</sup>

Category	Cost per Response	Total Annual Costs
Overhead	\$1.00	\$9,350
Clerical costs (GS-5, step 5)	\$3.213 (for 1,000 paper responses)	\$3,213
Review costs (GS-12, step 5)	\$28.244	\$264,081.40
<b>TOTALS</b>		<b>\$276,644.40</b>

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

<sup>1</sup> Fully-loaded Labor Rate/Hour = Hourly wages plus benefits. Per the most recent U.S. Department of Labor, Bureau of Labor Statistics, data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312000—Beverage and Tobacco Product Manufacturing, TTB estimates the fully-loaded labor rate for respondents as follows: Professional and managers (Business and Financial Operations Occupations) = \$44.30 per hour (\$30.76 wages and \$13.54 benefits). See: [https://www.bls.gov/oes/current/naics3\\_312000.htm](https://www.bls.gov/oes/current/naics3_312000.htm) and <https://www.bls.gov/news.release/ecec.t04.htm>.

<sup>2</sup> Federal Government Fully-loaded Labor Rate = Hourly wage plus benefits; calculated as hourly wage x 1.63. Therefore, in the Cincinnati, Ohio, locality pay area: (1) GS-5, step 5, clerical worker hourly wage of \$19.71 x 1.63 = \$32.13 fully loaded labor rate (benefits = \$12.42 per hour) @ 6 minutes per response = \$3.213 per response for 1,000 paper responses; and (2) GS-12, step 5, reviewer hourly wage of \$43.32 x 1.63 = \$70.61 per hour (benefits = \$27.29 per hour) @ 24 minutes per response = \$28.244 per response for 9,350 total responses. See <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2020/general-schedule/> and <https://www.cbo.gov/sites/default/files/112th-congress-2011-2012/workingpaper/2012-04fedbenefitswp0.pdf>.

Program Changes: To lower the respondent burden associated with this collection, TTB is making program changes to the Personnel Questionnaire as a matter of agency discretion. Specifically, TTB has removed data fields regarding the respondent's residence and employment history, citizenship status, plans for additional investments in the applicant business, and bank reference from the both the PONL Personnel Questionnaire and TTB F 5000.9. TTB believes such information is no longer necessary to determine the respondent's identity or statutory eligibility under the IRC and FAA Act to hold an alcohol or tobacco permit. TTB estimates removal of those data fields will reduce the per-respondent burden for this collection by at least 20 minutes, from 70 to 50 minutes for the PONL version of this collection, and from 80 to 60 minutes for the paper form, TTB F 500.9 (resulting in an overall average of 51.067 minutes per response). TTB estimates that these program changes will reduce the estimated total annual burden for this information collection by 3,984 hours.

Adjustments: Due to a change in agency estimates resulting from a decrease in the number of Personnel Questionnaires submitted to TTB, the Bureau is reducing the number of annual respondents to this information collection from 14,283 to 9,350, a reduction of 2,750 annual responses. This decrease in annual responses further reduces the estimated total annual burden for this information collection by 2,341 hours.

Respondent labor cost reduction: Given the reduction of 3,984 hours in annual burden due to the program changes described above, TTB estimates an annual reduction in respondent labor costs of \$176,491.20 (fully-loaded labor costs of \$44.30 per hour x 3,984 hours) for this information collection. In addition, given the reduction of 2,341 hours of annual burden due to changes in agency estimates, TTB estimates a further reduction in annual respondent labor costs of \$103,706.30 (fully-loaded labor costs of \$44.30 per hour x 2,341 hours) for this information collection. Therefore, the estimated total reduction in annual respondent labor costs resulting from the program changes and adjustments to this information collection is \$280,197.50.

*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?*

As a cost saving measure for both TTB and the general public, TTB requests permission to not display this information collection's OMB approval expiration date. By not displaying that expiration date in PONL and on TTB F 5000.9, TTB will not have to update that electronic system and paper form each time this information collection is approved by OMB. Similarly, TTB-regulated businesses will not have to update their own electronic or paper copies of the form. Additionally, not displaying the OMB approval expiration date on the paper form will avoid confusion among industry members and members of the public who may have copies of paper forms with different expiration dates in their possession. By not displaying the OMB approval expiration date on such forms, respondents could continue to use copies of the form regardless of when this collection OMB's approval is set to expire.

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 information collection does not employ statistical methods.