

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement – Information Collection Request**

**OMB Control Number 1513–0048**

**Registrations and Miscellaneous Requests and Notices for Distilled Spirits Plants;  
Distilled Spirits Related Requests and Notices for Non-Distilled Spirits Plants.**

**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 Department Order 120–01.

The IRC at 26 U.S.C. 5171 provides that distilled spirits plant (DSP) proprietors must apply for and receive approval of a notice of registration before beginning operations, and section 5172 specifies the information required in such applications, including the location and extent of the DSP's premises and type of operations to be conducted. Each section also authorizes the Secretary to issue regulations regarding the form and manner of such applications and the information required in them. Additionally, the IRC at 26 U.S.C. 5201 requires proprietors to operate DSPs in conformity with regulations issued by the Secretary, and authorizes the Secretary to regulate distilled spirits activities at non-DSP entities. Finally, the IRC at 26 U.S.C. 5312 authorizes the Secretary to issue regulations regarding the use of distilled spirits by certain educational and scientific institutions for experimental or research use, and it authorizes the establishment and regulation of experimental DSPs.

Under those IRC authorities, TTB has issued regulations requiring three information collections, which are contained under this information collection request:

**Registration of Distilled Spirits Plants**

Under the authority of 26 U.S.C. 5171 and 5172, the TTB regulations require proprietors to apply for and received approval of a DSP notice of registration before beginning operations using form TTB F 5110.41, Registration of Distilled Spirits Plant. Other TTB regulations require proprietors to submit an amended DSP registration application using that form or a letterhead notice, depending on circumstances, when certain changes occur to the business or DSP premises, including changes in the proprietor's DSP bond status.<sup>1</sup>

<sup>1</sup> To protect the revenue, the IRC at 26 U.S.C. 5551 generally requires DSP proprietors to provide a bond. Under

Specifically, the TTB regulations in 27 CFR Part 19, Distilled Spirits Plants, requiring proprietors to submit a new DSP registration application, and listing the information and supporting documents required for such applications, are found in §§ 19.71 through 19.79. Sections 19.112 through 19.123 describe when proprietors must submit an application for an amended DSP registration, while § 19.136 requires proprietors to file a new TTB F 5110.41 to amend their registration when the proprietor becomes exempt from, or subject to, the DSP bond requirement prescribed in the IRC at 26 U.S.C. 5551(d). Finally, § 19.143 requires separate DSP registrations for each proprietor involved in alternations of a DSP premises. In 27 CFR Part 18, Production of Volatile Fruit-Flavor Concentrate, § 18.39, allows proprietors of volatile fruit-flavor concentrate plants that operate a contiguous DSP to alternate the use of those plants between the two functions by submitting a DSP registration application and certain other prescribed information.

#### Miscellaneous Requests and Notices for Distilled Spirits Plants

Under the authority of 26 U.S.C. 5201, to provide DSP proprietors with flexibility in meeting TTB's regulatory requirements, the regulations in 27 CFR part 19 allow DSP proprietors to submit letterhead requests or notices to vary from that part's prescribed requirements. Sections 19.26 and 19.27 concern letterhead applications for and authorization of ongoing alternate methods or procedures, while § 19.28 allows applications for emergency alternate methods or procedures. In addition, various regulations in part 19 allow DSP proprietors to submit letterhead variance requests for specific activities at their premises or to submit a miscellaneous letterhead notice regarding certain other activities. Those regulations are §§ 19.54, 19.55, 19.56, 19.60, 19.114, 19.116, 19.170, 19.171, 19.192, 19.261, 19.281, 19.352, 19.372, 19.384, 19.388, 19.392, 19.434, 19.441, 19.459, 19.462, and 19.487.

#### Requests and Notices for Non-Distilled Spirits Plants

Under the authority of the IRC at 26 U.S.C. 5201 and 5312, as appropriate, the TTB regulations require non-DSP entities engaged in certain distilled spirits activities to submit certain requests and notices. Section 19.33 requires persons to submit a letterhead application containing certain information to TTB before commencing operations at an experimental DSP, and § 19.35 requires educational and scientific institutions to submit a letterhead application to TTB before commencing certain distilled spirits activities. Section 19.37 allows certain persons who produce non-potable distilled spirits in an industrial process to apply for a waiver of the requirements of chapter 51 of the IRC. Sections 19.171 and 19.172 allow surety companies to file a letterhead notice ending their liability for a DSP bond. Finally, § 19.420 requires qualified educational or scientific institutions to submit a letterhead request to withdraw distilled spirits free of tax from a DSP as the approved request constitutes the authorization for the DSP to remove the spirits free of tax.

#### Justification

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section 5551(d), however, DSP proprietors eligible to file excise taxes on an annual or quarterly basis under 26 U.S.C. 5061 are exempt from the bond requirement. Under 26 U.S.C. 5061(d)(4), to use annual filing, a DSP proprietor must reasonably expect to be liable for not more than \$1,000 in excise taxes for the calendar year and must be liable for not more than \$1,000 in such taxes in the preceding calendar year. To use quarterly filing, the DSP must reasonably expect to be liable for not more than \$50,000 in excise taxes for the calendar year and must be liable for not more than \$50,000 in such taxes in the preceding calendar year. Under 26 U.S.C. 5181(c), alcohol fuel plants, a type of DSP, producing no more than 10,000 gallons of such fuel per year are not required to submit a bond.

Respondents to the three information collections described above are persons who are applying to register a new DSP or applying to amend the registration of an existing DSP, as well as DSP proprietors and non-DSP proprietors who are required to submit various letterhead requests and notices to TTB related to certain specified DSP operations or other distilled spirits-related activities. Because distilled spirits are subject to substantial Federal excise tax, the information collected under this request is necessary to protect the revenue. The collection information allows TTB to determine if a person is legally qualified to operate a DSP or engage in certain DSP operations or distilled spirits-related activities, and it allows TTB to verify compliance of such persons with statutory and regulatory distilled spirits-related requirements.

This information collection is aligned with:

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Tax Major Application Systems.

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

TTB uses the information collected under this request to protect the excise tax revenue generated by the production of distilled spirits and ensure compliance with statutory and regulatory requirements regarding distilled spirits operations and activities. TTB uses the collected DSP registration information to determine if the respondent is legally qualified under the IRC to operate a DSP and if the DSP complies with the statutory and regulatory requirements regarding, among other things, its operations, location, extent, and security. TTB uses information collected in miscellaneous DSP requests and notices to ensure that requested variances and alternate methods and procedures, as well as other DSP operations, do not jeopardize the revenue and comply with the statutes and regulations related to DSP operations. As for requests and notices related to distilled spirits activities at non-DSPs, TTB uses the collected information to help prevent diversion of non-potable or untaxed spirits to taxable beverage use.

*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, respondents may electronically file DSP registration information, upload required supporting documents, and make variance requests using the new or amended DSP or alcohol fuel plant (AFP, a type of DSP) application functions, as appropriate, in TTB's Permits Online (PONL) system. TTB also provides online tutorials and other guidance for its PONL system. Access to PONL and its related customer support materials is available on the TTB website at <https://www.ttb.gov/ponl/customer-support>. Additionally, TTB F 5110.41 is available as a fillable-printable form on the TTB website at <https://www.ttb.gov/forms>. Respondents generate letterhead requests and notices using technologies of their choice.

*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 uses this request to collection information that is pertinent to each respondent and specific to the statutory requirement to register DSPs or to the regulatory requirements to

submit requests or notices to TTB related to certain DSP operations or distilled spirits activities at non-DSPs. 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 requires all DSP proprietors, regardless of size, to apply for and receive a notice of registration for their plants in the form and manner the Secretary prescribes by regulation. In addition, the TTB regulations require DSP proprietors and non-DSP entities to file requests and notices regarding certain distilled spirits operations or activities. Because such respondents submit DSP registrations, amendments to DSP registrations, and letterhead requests and notices only on an as-needed basis, TTB considers the burden associated with this information collection to be the minimum necessary to protect the revenue and ensure that DSP operations comply with Federal law and TTB 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?*

The collected information is necessary to protect the revenue and ensure compliance with statutory and regulatory requirements regarding DSPs and distilled spirits. If TTB did not conduct this information collection request, it would not be able to fulfill the IRC's statutory mandate to register all DSPs. In addition, without this collection request, TTB would not have any method to approve certain distilled spirits operations at DSPs and non-DSPs, including variances from TTB's regulatory requirements, or have any method of identifying identify where such operations or activities are taking place. Additionally, because respondents submit the required information only on an as-needed basis, TTB cannot conduct this collection request 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?*

Under 5 CFR 1320.5(d)(2)(iv), requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years is a special circumstance. In the case of this collection request, the TTB regulations at 27 CFR 19.81 require DSP proprietors to permanently maintain a registration file at their premises containing all approved DSP registration and supporting documents, including any operative letterhead requests, notices, variances, and alternate methods and procedures required or approved under this collection request.

*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 public, TTB published a "60-day" comment request notice for this collection in the Federal Register on September 3, 2020, at 85 FR 55067. 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 request.

10. *What assurance of confidentiality was provided to respondents, and what was the basis for the assurance in statute, regulations, or agency policy?*

TTB provides no specific assurance of confidentiality for this information collection request. However, 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 the collected information in secure computer systems and office space 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 request contains no questions of a sensitive nature. However, the DSP registration information collection contained under this request does collect personally identifiable information (PII) in an electronic system, the Tax Major Application, and TTB has conducted a Privacy Impact Assessment (PIA) for that application. That application is part of TTB's system of records, TTB .001–Regulatory Enforcement Record System, and TTB published a Privacy Act System of Records Notice (SORN) for that system in the Federal Register on January 28, 2015, at 80 FR 4637. Links to TTB's PIAs and SORN are available on the TTB website at <https://www.ttb.gov/foia>.

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

Estimated Respondent Burden: In summary, based on recent data, TTB estimates that 3,600 respondents submit 4,300 responses to this information collection request annually, at a total estimated annual of burden of 7,330 hours. TTB estimates the number of annual respondents, responses, and burden hours for the three information collections contained in this request as follows:

Information Collection	Instrument	Respondents	Responses / Respondent	Total Responses	Burden Hour / Response	Total Burden Hours
Registration of DSPs	New Registration on F 5110.41	50	1	50	4.0	200
	New Registration via PONL	1,300	1	1,300	3.0	3,900
	Amended Registration (F 5110.41 & PONL)*	1,500	1	1,500	1.0	1,500
	<b>Subtotal:</b>	<b>2,850</b>	<b>1</b>	<b>2,850</b>	<b>1.9649</b>	<b>5,600</b>
Misc. DSP Requests and Notices	Letterhead	700	2	1,400	1.2	1,680
Non-DSP Requests and Notices	Letterhead	50	1	50	1.0	50
<b>TOTALS:</b>		<b>3,600</b>	<b>(1.1944)</b>	<b>4,300</b>	<b>(1.7047)</b>	<b>7,330</b>

\* Includes bond-related amendments.

Estimated Respondent Labor Costs: TTB estimates the annual per-respondent and total respondent labor costs for this information collection as follows:

NAICS 312000 - Beverage & Tobacco Product Manufacturing – Office & Administrative Support Occupations – Fully-loaded Labor Rate/Hour <sup>2</sup> = \$29.65*						
Information Collection	Avg. Time / Response	Labor Cost / Response	Responses / Respondent	Labor Costs / Respondent*	Total Responses	Total Labor Costs
Registration of DSPs	1.9649	\$58.26	1	\$58.26	2,850	\$166,041.00
Misc. DSP Requests and Notices	1.2	\$35.58	2	\$71.16	1,400	\$49,812.00
Non-DSP Requests and Notices	1.0	\$29.65	1	\$29.65	50	\$1,482.50
<b>TOTALS:</b>	<b>(1.7047)</b>	<b>(\$50.54)</b>	<b>(1.1944)</b>	<b>(\$60.37)</b>	<b>4,300</b>	<b>\$217,335.50</b>

\* Labor costs rounded to the nearest whole cent.

<sup>2</sup> Private Sector Fully-loaded Labor Rate = Hourly wage rate + benefit costs, calculated as hourly wage x 1.44 to account for benefit costs. 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, the average fully-loaded labor rate per hour for Office and Administrative Support Occupations is \$29.65 (\$20.59 in wages plus \$9.06 in benefit costs). See the Bureau of Labor Statistics website at [https://www.bls.gov/oes/current/naics3\\_312000.htm](https://www.bls.gov/oes/current/naics3_312000.htm).

**Respondent Record Retention:** Under 27 CFR 19.81, respondents to this information collection request must permanently retain a registration file at their premises containing all approved DSP registrations and supporting documents, which also must include all operative letterhead requests, notices, variances, and alternate methods and procedures required or approved under this collection request.

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 there are no annualized start-up or ongoing operation or maintenance costs to respondents for this occasional information collection. TTB estimates respondent mailing costs related to this information collection request as follows:

Information Collection	Mailing Cost per Response	Responses Made by Mail	Total Mailing Costs
Registration of DSPs	\$10.00	200*	\$2,000
Misc. DSP Requests and Notices	\$1.00	1,400	\$1,400
Non-DSP Requests and Notices	\$1.00	50	\$50
<b>TOTALS</b>	<b>\$2.0909</b>	<b>1,650</b>	<b>\$3,450</b>

\*Includes 50 new DSP registrations and 150 amended DSP registrations filed on paper form TTB F 5110.41. There are no mailing costs for respondents for electronic submissions made via Permits Online..

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

TTB estimates the annualized costs to the Federal Government for this information collection request as follows:

Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio*					
Information Collection & Position	Fully-loaded Labor Rate/Hour <sup>3</sup>	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
Registration of DSPs					
GS-5, Step 5, Clerk	\$32.13	0.4 hr.	\$12.85	2,850	\$36,622.50
GS-11, Step 5, Specialist	\$58.91	3.0 hr.	\$176.73		\$503,680.50

<sup>3</sup> Federal Government Fully-loaded Labor Rate = Hourly wage rate x a factor of 1.63 to account for benefit costs. Per the most recent Office of Personnel Management (OPM) wage data, the fully-loaded labor rates for the Cincinnati, Ohio, area are: (1) GS-5, step 5, employee = \$32.13 (\$19.71 in wages plus \$12.42 in benefit costs); (2) GS-11, step 5, employee = \$58.91 (\$36.14 in wages plus \$22.77 in benefit costs); and (3) GS-13, step 5 employee = \$83.96 (\$51.51 in wages plus \$32.45 in benefit costs). See the OPM website at [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/CIN\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/CIN_h.pdf).

GS-13, Step 5, Supervisor	\$83.96	0.3 hr.	\$25.19		\$71,791.50
<i>Subtotal</i>	<i>(\$58.05)</i>	<i>3.7 hr.</i>	<i>\$214.77</i>	<i>2,850</i>	<i>\$612,094.50</i>
Misc. DSP Requests and Notices					
GS-5, Step 5, Clerk	\$32.13	0.1 hr.	\$3.21		\$4,494.00
GS-11, Step 5, Specialist	\$58.91	0.5 hr.	\$29.46	1,400	\$41,244.00
GS-13, Step 5, Supervisor	\$83.96	0.2 hr.	\$16.79		23,506.00
<i>Subtotal</i>	<i>(\$61.83)</i>	<i>0.8 hr.</i>	<i>\$49.46</i>	<i>1,400</i>	<i>\$69,244.00</i>
Non-DSP Requests and Notices					
GS-5, Step 5, Clerk	\$32.13	0.1 hr.	\$3.21		\$160.50
GS-11, Step 5, Specialist	\$58.91	0.5 hr.	\$29.46	50	\$1,473.00
GS-13, Step 5, Supervisor	\$83.96	0.2 hr.	\$16.79		\$839.50
<i>Subtotal</i>	<i>(\$61.83)</i>	<i>0.8 hr.</i>	<i>\$49.46</i>	<i>50</i>	<i>\$2,473.00</i>
<b>TOTALS</b>			<b>\$159.03</b>	<b>4,300</b>	<b>\$683,811.50</b>

\* Labor costs rounded to the nearest whole cent.

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 (<http://www.ttb.gov>).

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

There are no program changes associated with this collection approval request. As for adjustments, due to changes in agency estimates, TTB is reporting an increase in the number of annual respondents, responses, and burden hours associated with this information collection, from 2,300 respondents to 3,600, from 2,950 responses to 4,300, and from 4,386 hours to 7,330. These increases are due to an increase in the number of distilled spirits plants registered with TTB, which is largely due to an increase in the number of small "craft" distilleries now operating in the United States. In addition, TTB is revising the title of this collection request to read "Registrations and Miscellaneous Requests and Notices for Distilled Spirits Plants; Distilled Spirits Related Requests and Notices for Non-Distilled Spirits Plants."



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 request.

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 public, TTB is seeking approval not to display the expiration date for OMB approval of this information collection on its related form, TTB F 5110.41, Registration of Distilled Spirits Plant, or its related PONL screens. By not displaying that date on the form or in PONL, TTB will not have to update those items on its website each time OMB reapproves this information collection. Similarly, respondents and other businesses will not have to update stocks of the paper form, self-produced electronic copies of the form, or versions of the form made for sale to other businesses. Additionally, not displaying the information collection's OMB approval expiration date on the form will avoid confusion among members of the public who may have copies of the form with different expiration dates in their possession.

As for the Miscellaneous Requests and Notices for Distilled Spirits Plants, and Requests and Notices for Non-Distilled Spirits Plants, information collections approved under this request, respondents submit the required information to TTB via self-generated letterhead applications and notices. As such, there is no medium for TTB to display the expiration date for OMB approval of this information collection request.

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. Collection of Information Employing Statistical Methods**

This information collection request does not employ statistical methods.