

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement – Information Collection Request**

**OMB Control Number 1513–0015**

**Brewer’s Bond and Brewer’s Bond Continuation Certificate; Brewer’s Collateral Bond and Brewer’s Collateral Bond Continuation Certificate.**

Information Collections Issued under this Title:

- Brewer’s Bond (TTB F 5130.22).
- Brewer’s Bond Continuation Certificate (TTB F 5130.23).
- Brewer’s Collateral Bond (TTB F 5130.25).
- Brewer’s Collateral Bond Continuation Certificate (TTB F 5130.27).

**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.

In general, the IRC at 26 U.S.C. 5051 imposes a Federal excise tax on all beer produced or imported into the United States. To protect this revenue, the IRC at 26 U.S.C. 5401(b) requires brewers to execute a bond before starting business, subject to regulations issued by the Secretary and the exemptions for certain small brewers provided under 26 U.S.C. 5551(d).<sup>1</sup> Also under IRC section 5401(b), brewers’ bonds expire every four years, and a brewer therefore must provide a new bond or a continuation certificate extending the terms of an existing bond. Under the IRC at 26 U.S.C. 7101, subject to regulations prescribed by the Secretary, a proprietor may furnish a surety bond under which a surety company guarantees payment of the proprietor’s unpaid tax liabilities, or a proprietor may submit a collateral bond backed by United States Treasury securities or notes. Alternatively, TTB also accepts cash (or cash equivalent) as a collateral bond.

---

<sup>1</sup> Under 26 U.S.C. 5551(d), brewers who are eligible to file excise taxes on an annual or quarterly basis are exempt from the IRC’s bond requirement. Under 26 U.S.C. 5061(d)(4), to use annual filing, a brewer 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, a brewer 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 those IRC authorities, TTB has issued regulations regarding brewer's bonds, which are contained in 27 CFR Part 25, Beer. Specifically, 27 CFR 25.91 requires a brewer, unless otherwise exempted, to execute a bond before beginning business, § 25.93 sets the penal sum of the required bond, § 25.94 concerns strengthening bonds, and § 25.95 concerns new or superseding bonds for existing brewers. Also, § 25.73(c) requires a new bond in certain cases of changes in partnership, § 25.77 requires a new bond, consent of surety<sup>2</sup> or a bond continuation certificate if a brewer changes location, and § 25.274 requires a bond for a pilot brewery.

Under 27 CFR 25.98, a brewer's bond may be a surety bond, which is a bond guaranteed by an approved surety company,<sup>3</sup> or it may be a collateral bond, which is a bond guaranteed by United States Treasury securities (bonds or notes) or by cash or cash equivalent (check or money order). To file a surety bond, a brewer uses form TTB F 5130.22, Brewer's Bond, and to file a collateral bond, a brewer uses form TTB F 5130.25, Brewer's Collateral Bond. As noted above, brewer's bonds expire every four years. Under § 25.97, when a brewer's bond is set to expire, the brewer may file a continuation certificate attesting to the extension of their surety or collateral bond. To continue a surety bond, a brewer files TTB F 5130.23, Brewer's Bond Continuation Certificate, and, to continue a collateral bond, a brewer files TTB F 5130.27, Brewer's Collateral Bond Continuation Certificate. Per the instructions on those four forms, brewers file two original copies with TTB, and, after TTB notes on the form its approval of the bond or bond continuation, it returns one copy to the brewer to keep with their records.

This information collection is aligned with:

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Permits Online (PONL) and Tax Major Application systems.

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

If required to provide a bond by the IRC, brewers use this information collection to furnish or continue a bond. TTB uses the collected information to identify the brewer and their surety company (if any), the type of bond being submitted (surety, collateral, or continuation certificate), the kind of bond (original, strengthening, or superseding), and the premises covered by the bond. TTB reviews the information to ensure that the brewer's bond coverage is adequate and that the Department of the Treasury has approved the involved surety (if any). If TTB accepts the bond, it notes its approval on the form and returns one copy to the respondent to keep for their records. The collected information is necessary to protect the revenue as an approved bond ensures payment by the appropriate surety or collateral holder of any excise tax liabilities that a brewer does not pay in a timely manner.

*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?*

---

<sup>2</sup> See OMB No. 1513-0013, Change of Bond (Consent of Surety), filed on TTB F 5000.18.

<sup>3</sup> The Secretary publishes a list of approved surety companies for Federal bonds in Department of the Treasury Circular 570, maintained by the Bureau of the Fiscal Service and posted at <https://www.fiscal.treasury.gov/surety-bonds/circular-570.html>.

Currently, respondents may electronically file bond information and upload completed, signed copies of the four brewer's bond forms using the brewery-related applications contained 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, the four brewer's bond forms, TTB F 5130.22, 5130.23, 5130.25, and 5130.27, are available as fillable-printable forms on the TTB website at <https://www.ttb.gov/forms>.

*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 information collection request is pertinent to each respondent and specific to the issue of filing a brewer's bond or bond continuation certificate. As far as TTB can 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?*

As noted above, the IRC now exempts most small brewers from its general requirement to provide a bond. In cases where a brewer is required to provide a bond, TTB cannot waive or reduce the IRC's statutory requirement to do so simply because the brewer's business is small. Given the exemptions to the bond requirement and the minimal information collected from those brewers required to submit a bond, TTB believes that this information collection does not have a significant impact on a significant number of small businesses.

*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 obligation to provide a brewer's bond every four years is mandatory by statute at 26 U.S.C. 5401(b), unless the brewer is exempt from doing so under 26 U.S.C. 5551(d). As such, if TTB did not conduct this collection or conducted it less frequently, brewers required to provide a bond would not be able to meet the statutory requirements to do so, and TTB would not be able to verify that brewers have adequate bond coverage, which is necessary to protect the revenue.

*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).)*

Under the OMB regulations at 5 CFR 1320.5(d)(2)(iv), requiring record retention for more than 3 years is a special circumstance. Under 27 CFR 25.64, brewers must retain their copies of all approved, active bond forms within their Brewer's Notice file, which, under that regulation, they must maintain at their premises, readily available for TTB inspection, for as long as they remain in business.

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 information 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.

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 collection. 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 contains no questions of a sensitive nature. Additionally, this information request 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?*

Estimated Respondent Burden: In summary, based on recent data, TTB estimates that 224 brewers respond once to this collection annually, at an average per-response burden of 0.84375 hour (approximately 50 minutes), for a total of 224 annual responses and 189 hours of burden. TTB estimates the annual respondent burden for the four individual information collections contained in this request is as follows:

Information Collection	Respondents	Responses / Respondent	Responses	Hours / Response	Total Burden
Brewer's Bond (TTB F 5130.22)	84	1	84	1 hour	84 hours
Brewer's Bond	28	1	28	0.75 hour	21 hours

Continuation Certificate (TTB F 5130.23)					
Brewer's Collateral Bond (TTB F 5130.25)	84	1	84	0.75 hour	63 hours
Brewer's Collateral Bond Continuation Certificate (TTB F 5130.27)	28	1	28	0.75 hour	21 hours
<b>TOTALS</b>	<b>224</b>	<b>1</b>	<b>224</b>	<b>(0.84375)</b>	<b>189 hours</b>

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

<b>NAICS 312000 - Beverage &amp; Tobacco Product Manufacturing – Office &amp; Administrative Support Occupations – Fully-loaded Labor Rate/Hour<sup>4</sup> = \$29.65</b>						
Information Collection	Avg. Time / Response	Labor Cost / Response*	Responses / Respondent	Labor Costs / Respondent	Total Responses	Total Labor Costs
Brewer's Bond (TTB F 5130.22)	1 hour	\$29.65	1	\$29.65	84	\$2,490.60
Brewer's Bond Continuation Certificate (TTB F 5130.23)	0.75 hour	\$22.24	1	\$22.24	28	\$622.72
Brewer's Collateral Bond (TTB F 5130.25)	0.75 hour	\$22.24	1	\$22.24	84	\$1,868.16
Brewer's Collateral Bond Continuation Certificate (TTB F 5130.27)	0.75 hour	\$22.24	1	\$22.24	28	\$622.72
<b>TOTALS</b>	<b>(0.84375 hr)</b>	<b>(\$25.02)</b>	<b>1</b>	<b>(\$25.02)</b>	<b>224</b>	<b>\$5,604.20</b>

\* Rounded to the nearest whole cent.

Respondent Record Retention: Under 27 CFR 25.64, brewer's must retain their copies of all approved, active bond forms within their Brewer's Notice file, which, under that regulation, they must maintain at their premises, readily available for TTB inspection, for as long as they remain in business.

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)?*

<sup>4</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).

As for mailing costs, TTB estimates that each response to this collection costs no more than \$2.00 in mailing supplies and postage. The 224 respondents to this collection each make one response to this collection annually, resulting in per-respondent mailing costs of \$2.00 each, and \$448.00 in total mailing costs for this collection.

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

TTB has determined that there are no annualized non-labor costs to the Federal Government associated with this information collection request. Printing and distribution costs to the Federal Government for this collection have decreased to \$0.00 due to the availability of TTB forms to the public on its website's forms page at <https://www.ttb.gov/forms>.

TTB estimates the annual labor costs to the Federal Government for this information collection as follows:

<b>Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio*</b>					
Position	Fully-loaded Labor Rate/Hour <sup>5</sup>	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-5, Step 5, Clerk	\$32.13	6 minutes	\$3.21	224	\$719.04
GS-11, Step 5, Specialist	\$58.91	15 minutes	\$14.73		\$3,299.52
GS-13, Step 5, Supervisor	\$83.96	3 minutes	\$4.20		\$940.80
<b>TOTALS</b>	<b>(\$55.35)</b>	<b>24 minutes</b>	<b>\$22.14</b>	<b>224</b>	<b>\$4,959.36</b>

\* Labor costs per respondent rounded to the nearest whole cent.

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

There are no program changes associated with this information collection at this time. As for adjustments, due to changes in agency estimates, TTB is decreasing the estimated number of respondents, responses, and burden hours associated with this information collection, from 652 annual respondents and responses to 224, and from 422 hours to 189. TTB attributes those decreases to the number of new and existing small brewers that are now exempt from the requirement to furnish or renew a brewer's bond, as provided in 26 U.S.C. 5551(d).

<sup>5</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, wage 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 \$14.77 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).

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 public, TTB is seeking approval not to display the expiration date for OMB approval of this information collection request on its four related forms, TTB F 5130.22, 5130.23, 530.25 and 5130.27, and on its related PONL bond information screens. By not displaying that date on those forms and in PONL, TTB will not have to update PONL or the forms as posted on its website each time OMB reapproves this information collection. Similarly, respondents and other businesses will not have to update stocks of the paper forms, self-produced electronic copies of the forms, or versions of the forms made for sale to other businesses. Additionally, not displaying the information collection's OMB approval expiration date on the forms will avoid confusion among members of the public who may have copies of the forms with different expiration dates in their possession.

18. *What are the exceptions to the certification statement?*

- (f) This is not a TTB recordkeeping requirement collection.
- (i) No statistics are involved.

**B. Collection of Information Employing Statistical Methods**

This collection of information does not use statistical methods.