

**DEPARTMENT OF THE TREASURY**  
**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**  
**Supporting Statement — Information Collection Request**

**OMB Control Number 1513–0028**

**Application for an Industrial Alcohol User Permit**

**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. 5271 requires persons to obtain a permit from the Secretary before they: (1) procure or use tax-free distilled spirits; (2) procure, deal in, or use specially denatured distilled spirits; or (3) recover specially denatured or completely denatured distilled spirits. That section also states the reasons the Secretary may deny or suspend such a permit, and it authorizes the Secretary to issue regulations regarding new and amended permit applications.

Under that IRC authority, TTB has issued regulations regarding such industrial alcohol user permits, which are contained in 27 CFR Part 20, Distribution and Use of Denatured Alcohol and Rum, and 27 CFR Part 22, Distribution and Use of Tax-Free Alcohol. Specifically:

- § 20.41, requires for persons who desire to withdraw, deal in, use, or recover specially denatured alcohol (alcohol or rum) to apply for and receive a permit before beginning such operations; and
- § 22.41 requires persons who desire to use tax-free alcohol to apply for a permit before beginning such operations.

Each of those regulations specifies that respondents must use form TTB F 5150.22, Application for an Industrial Alcohol User Permit, to apply for an industrial alcohol user permit.<sup>1</sup> In addition, the TTB regulations at §§ 20.42 and 22.42 describe the data required for that permit application, §§ 20.43 and 22.43 set forth exceptions to the permit application

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<sup>1</sup> Once TTB approves a permit application, TTB issues an Industrial Alcohol User Permit to the applicant on form TTB F 5150.9, which describes the permitted person, the location and extent of the permitted premises, and the authorized industrial alcohol operations.

requirements, §§ 20.44 and 22.44 describe the circumstances under which TTB will deny a permit, and §§ 20.45 and 22.45 specify the supporting organizational and ownership documents required as part of the permit application.

The TTB regulations also requires an existing permit holder to a submit new permit application on TTB F 5150.22 when making certain changes to their permit's information. Under §§ 20.56(b) and 22.57(b), in lieu of a letterhead notice, TTB may require a permit holder to submit a new application if there are excessive changes to their permit's information. In addition, §§ 20.57 and 22.58 require new permit applications when changes occur to control of a corporation or proprietorship holding a permit, while §§ 20.59 and 22.60 require surviving partners of partnerships to obtain a new permit.<sup>2</sup>

TTB uses this information collection to determine the eligibility of the applicant to engage in certain industrial alcohol operations, the location and extent of those operations, and if the applicant and their proposed activities will comply with Federal laws and regulations.

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?*

Under the authority of the IRC at 26 U.S.C. 5271, the TTB regulations require persons who wish to withdraw, deal in, use, or recover specially denatured spirits, or who wish to use tax-free alcohol, to apply for an industrial alcohol user permit using form TTB F 5150.22. Existing permit holders also use that form to amend certain permit information. TTB uses the information collected on new and amended permit applications and the required supporting documents to determine if the applicant is legally eligible for such a permit, the location of the business and extent of its operations, and if the applicant will conduct the proposed operations in compliance with relevant Federal laws and regulations.

*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 submit an application for an industrial alcohol user permit and upload required supporting documents using TTB's Permits Online (PONL) system; see <https://www.ttb.gov/ponl/customer-support>. In addition, the permit application form, TTB F 5150.22, is available as a fillable-printable form on the TTB website at <https://www.ttb.gov/forms>.

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<sup>2</sup> Permittees may make other changes to their permit information by letterhead notice, including adoption of a permit by a fiduciary, changes to the permittee's name, trade name or location, adoption of formulas and processes by a successor, and discontinuance of business. See §§ 20.56(a) and (c), 20.58, 20.60, 20.61, 20.62, 20.63, and 20.68(a), approved under OMB No. 1513–0061 (Letterhead Applications and Notices Relating to Denatured Spirits, TTB REC 5150.2); and §§ 22.57(a) and (c), 22.59, 22.61, 22.62, 22.63, and 22.68, approved under OMB No. 1513–0060 (Letterhead Applications and Notices Relating to Tax-Free Alcohol, TTB REC 5150/4).

*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 provides TTB with information that is pertinent to each respondent and specific to the issue of applying for an industrial alcohol user permit. 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?*

TTB believes that the required information is the minimum necessary to implement the statutory requirements of the IRC regarding industrial alcohol user permits, and that a waiver or reduction of its regulatory requirements, just because of the respondent is a small entity, would jeopardize the revenue. In addition, TTB notes that the regulations at 27 CFR 20.43 and 22.43 allow the waiver of certain application and supporting document requirements for applicants when the appropriate TTB officer determines that waiver of such requirements “does not pose any jeopardy to the revenue or a hindrance of the effective administration” of the applicable 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 IRC at 26 U.S.C. 5271 requires persons who wish to withdraw, deal in, use, or recover specially denatured spirits, or who wish to use tax-free alcohol, to apply for an industrial alcohol user permit before beginning such operations. If TTB did not conduct this collection, it would not be able to determine if an applicant is legally eligible for an industrial alcohol user permit under the IRC and if their proposed industrial alcohol activities will conform to Federal law and regulations. Use of industrial or tax-free alcohol by unpermitted persons could allow undetected diversion of such alcohol to taxable beverage use, which would jeopardize the revenue. In addition, respondents submit the collected information only on an as-needed basis before starting industrial alcohol operations, and, as such, TTB cannot conduct this collection 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?*

There are no special circumstances associated with this information collection (see 5 CFR 1320.5(d)(2)).

*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 November 3, 2020, at 85 FR 69680. 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 information collection. However, TTB F 5150.22 and its PONL equivalent contain Privacy Act statements describing the purpose and routine uses of the provided information. Additionally, 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 that section specifically authorizes such disclosure. TTB maintains these applications in secure computer systems and in file rooms 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, this request does collect personally identifiable information (PII) in an electronic system. As such, TTB F 5150.22 and its PONL equivalent display Privacy Act statements, and TTB has conducted a Privacy Impact Assessment (PIA) for the collected information, which is included in its Tax Major Application system. TTB also has issued a Privacy Act System of Records notice (SORN) for that system as part of its TTB .001–Regulatory Enforcement Record System, which TTB published in the Federal Register on February 10, 2021, at 86 FR 8988. TTB's PIAs and a link to the SORN 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?

Estimated Respondent Burden: Based on recent data, TTB estimates the annual burden associated with this information collection request as shown in the table below. TTB estimates that 80 percent of respondents electronically file this information collection using TTB's PONL system.

<b>Application for an Industrial Alcohol User Permit (TTB F 5150.22 &amp; PONL Equivalent; OMB No. 1513–0028)</b>				
Respondent & Collection Method	Number of Respondents	Responses (1 per respondent per year)	Hours per Response	Total Burden Hours
Private Sector (PONL)*	2,088	2,088	0.75	1,566

Private Sector (Paper Form)	522	522	1.0	522
<b>Private Sector Totals</b>	<b>2,610</b>	<b>2,610</b>	<b>0.8</b>	<b>2,088</b>
State & Local Government (PONL)*	80	80	0.75	60
State & Local Government (Paper Form)	20	20	1.0	20
<b>Government Totals</b>	<b>100</b>	<b>100</b>	<b>0.8</b>	<b>80</b>
<b>TOTALS</b>	<b>2,710</b>	<b>2,710</b>	<b>0.8</b>	<b>2,168</b>

\* PONL = Permits Online, TTB's electronic permit application system. The paper form is TTB F 5150.22.

Estimated Respondent Labor Costs: Given that each respondent makes one response per year, TTB estimates the annual per-respondent and total respondent labor costs for this information collection request as follows:

<b>Respondent Labor Costs: NAICS 312100 – Beverage Manufacturing – Office &amp; Administrative Support Occupations*</b>				
Respondent Type & Fully-loaded Labor Rate <sup>3</sup>	Avg. Time / Response	Labor Cost / Response & Respondent	Total Responses	Total Labor Costs
Private Sector \$29.59	0.8 hour	\$23.67	2,610	\$61,778.70
State & Local Government \$33.63	0.8 hour	\$26.90	100	\$2,690.00
<b>TOTALS:</b>	<b>0.8 hours</b>	<b>(\$23.79)</b>	<b>2,710</b>	<b>\$64,468.70</b>

\* Labor costs rounded to the nearest whole cent.

Respondent Record Retention: The TTB regulations do not require respondents to retain a record copy of industrial alcohol permit applications they submit to TTB.<sup>4</sup>

<sup>3</sup> Fully-loaded Labor Rate = Hourly wage rate + benefit costs. For the private sector, this is 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 (BLS), data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312100—Beverage Manufacturing, the average fully-loaded labor rate per hour for Office and Administrative Support Occupations is \$29.59 (\$20.55 in wages plus \$9.04 in benefit costs). See the BLS website at [https://www.bls.gov/oes/current/naics3\\_312000.htm](https://www.bls.gov/oes/current/naics3_312000.htm). For State and local governments, the average fully-loaded labor rate is calculated as hourly wage x 1.6. Per the most recent BLS data, the fully-loaded labor rate for office and administrative support staff is \$33.63 per hour (\$21.02 wages + 12.61 benefits); see the BLS website at [https://www.bls.gov/oes/current/naics4\\_999200.htm](https://www.bls.gov/oes/current/naics4_999200.htm).

<sup>4</sup> Independent of this information, 27 CFR 20.37 and 22.36 require industrial alcohol user permit holders to retain the permit form (TTB F 5150.9) returned to them by TTB for as long as they remain in business, subject to TTB inspection during normal business hours.

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. There also are no mailing costs to respondents for industrial alcohol permit applications filed via PONL. For paper applications made on TTB F 5150.22, TTB estimates annual respondent mailing costs to be no more than \$10.00 per response. Given that 542 respondents make one paper-based response per year, TTB estimates total annual respondent mailing costs to be \$5,420.00 for this information collection request.

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

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

<b>Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio, for OMB No. 1513-0028*</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	\$32.45	0.2 hour	\$6.49	2,710	\$17,587.90
GS-11, Step 5, Specialist	\$59.50	3.0 hours	\$178.50		\$483,735.00
<b>TOTALS</b>	<b>(\$57.81)</b>	<b>3.2 hours</b>	<b>\$184.99</b>	<b>2,710</b>	<b>\$501,322.90</b>

\* Labor costs 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, and TTB is submitting it for extension purposes only. As for adjustments, due to changes in agency estimates, TTB is increasing the estimated number of annual respondents and responses, as well as the estimated per-response burden and total annual burden hours, associated with this information collection. Recently, TTB has noted an increase in the number of applications for industrial alcohol user permits it receives, which is largely due to the number of beverage alcohol producers, particularly small producers, who began to produce hand

<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 = \$32.45 (\$19.91 in wages plus \$12.54 in benefit costs); and (2) GS-11, step 5, employee = \$59.50 (\$36.50 in wages plus \$23.00 in benefit costs). See the OPM website at [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/CIN\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/CIN_h.pdf).

sanitizer and other non-beverage sanitary products in response to the COVID–19 public health emergency. In addition, TTB has increased the per-response burden associated with PONL applications for industrial alcohol user permits, from 0.5 hour to 0.75 hour, to better account for the time required to gather and upload the supporting documents required for such permit applications. As a result, TTB is increasing this collection's estimated number of annual respondents and responses from 510 to 2,710, its average per-respondent burden from 0.7 to 0.8 hour, and its estimated total annual burden from 357 to 2,168 hours.

*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 on its related form, TTB F 5150.22, and its PONL equivalent. By not displaying that date on those applications, TTB will not have to update the form and its PONL equivalent 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.

*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.