

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement — Information Collection Request**

**OMB Control Number 1513–0103**

**Tobacco Bonds—Collateral, Tobacco Bonds—Surety, and Tobacco Bonds**

Information Collections Issued under this Title:

- Tobacco Bond—Collateral (TTB F 5200.25).
- Tobacco Bond—Surety (TTB F 5200.26).
- Tobacco Bond (TTB F 5200.29).

**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 the tobacco product, cigarette paper and tube, and processed tobacco provisions of the Internal Revenue Code of 1986, as amended, (IRC, 26 U.S.C. chapter 52) 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. 5711 requires every person, before commencing business as a manufacturer of tobacco products or cigarette papers and tubes, or as an export warehouse proprietor, to file a bond in the amount, form, and manner as the Secretary prescribes by regulation. The IRC at 26 U.S.C. 7101 also requires that such person guarantee their bonds through a surety or by the deposit of collateral in the form of United States Treasury bonds or notes.

Under those IRC authorities, TTB has issued bond regulations in 27 CFR part 40 for tobacco product and cigarette papers and tube manufactures and in 27 CFR part 44 for export warehouse proprietors. Those regulations require such persons to file a surety or collateral bond with TTB in an amount equivalent to the potential excise tax liability of the person, within a minimum and a maximum amount. The regulations also require a strengthening bond when the amount of an existing bond becomes insufficient, and require a superseding bond when a current bond is no longer valid for reasons specified by regulation. Under those regulations, respondents provide a collateral bond using form TTB F 5000.25 or a surety bond using TTB F 5000.26, or they may use TTB F 5200.29 for either type of bond as an approved alternate procedure.

The TTB regulations that implement this information collection request are found in 27 CFR part 40 at §§ 40.66, 40.67, 40.135, 40.136, 40.392, 40.405, and 40.406, and in 27 CFR part 44 at §§ 44.86, 44.124, and 44.125.

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 this information collection request to ensure that manufacturers of tobacco products or cigarette papers and tubes and export warehouse proprietors comply with the statutory (IRC) requirement that those persons provide adequate bond coverage or collateral to protect the 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?*

Currently, TTB F 5200.25, F 5200.26, and F 5200.29 are available at no cost as fillable-printable forms on the TTB website at <https://www.ttb.gov/forms>. In addition to paper submission by mail, respondents may electronically upload and submit any of the tobacco bond forms as an attachment to a tobacco-related permit application in TTB's Permits Online (PONL) system; see <https://www.ttb.gov/ponl/customer-support>.

*4. What efforts are used to identify duplication? Why can't any similar information already available be used or modified for use for the purposes described in Item 2 above?*

This collection requires information that is pertinent to each respondent and applicable to the specific issue of filing a tobacco-related bond as required by statute. As far as TTB is able to determine, similar information is not available to the Bureau 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 tobacco product and cigarette paper and tube manufacturers, and all export warehouse proprietors, regardless of size, to submit a bond to protect the revenue. To fulfill this statutory requirement, TTB cannot waive or reduce this minimal, on-occasion information collection requirement because of the size of a respondent's business.

*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 requires all tobacco product and cigarette paper and tube manufacturers, and all export warehouse proprietors to submit a surety or collateral bond to protect the revenue. Eliminating or reducing the frequency of this collection would pose serious jeopardy to the revenue and would not be consistent with the statutory requirements.

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 public, TTB published a “60-day” comment request notice for this information collection in the Federal Register on September 16, 2021, at 86 FR 51720. 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 that section specifically authorizes such action. TTB maintains the collected information in secure file rooms 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 request contains no questions of a sensitive nature. As this request does collect personally identifiable information in an electronic system, TTB has conducted a Privacy Impact Assessment (PIA) for this collection request as part of the Tax Major Application System. TTB has issued a Privacy Act System of Records notice (SORN) for that system under “Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB) .001–Regulatory Enforcement System of Records,” published in the Federal Register on February 10, 2021, at 86 FR 8988. 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?*

Estimated Respondent Burden: Based on recent data, TTB estimates that 120 respondents will each submit one response per year, resulting in 120 annual responses to this collection, and that each response will require 1 hour to complete, resulting in an estimated total annual burden of 120 hours. (Of those 120 total responses, 5 are made on TTB F 5200.25, 5 on TTB F 5200.26, and 110 on TTB F 5200.29)

Respondent Labor Costs: Based on the U.S. Department of Labor average wage estimates for tobacco industry office and administrative support positions, TTB estimates the annual respondent labor costs for this information collection request as follows:

<b>NAICS 312200 –Tobacco Product Manufacturing: Office &amp; Administrative Support Occupations – Fully-loaded Labor Rate Per Hour<sup>1</sup> = \$31.95*</b>					
Avg. Time / Response	Labor Cost / Response	Responses / Respondent	Labor Costs / Respondent	Total Respondents	Total Labor Costs
1.0 hour	\$31.95	1	\$31.95	120	\$3,834.00

\* Respondent labor costs are rounded to the nearest whole cent.

Recordkeeping Burden: While there is no stated regulatory requirement to do so, respondents maintain a copy of their bonds as long as the bond remains in force as a usual and customary business practice.

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 estimates that respondents have no capital, overhead, or start-up costs related to this occasional information collection request. TTB estimates this collection’s annual postage and mailing supply costs to be \$2.60 per response and respondent, and \$312.00 in total.

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. There are no overhead costs to TTB associated with this information collection request.

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

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<sup>1</sup> Private Sector Fully-loaded Labor Rate = Hourly wage rate x a factor of 1.44 to account for benefit costs. Per the most recent (May 2020) U.S. Department of Labor, Bureau of Labor Statistics (BLS), data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312200—Tobacco Product Manufacturing, the average fully-loaded labor rate for Office and Administrative Support Occupations is \$31.95 (\$22.19 in wages plus \$9.76 in benefit costs). See the BLS website at [https://www.bls.gov/oes/current/naics4\\_312200.htm](https://www.bls.gov/oes/current/naics4_312200.htm).

<b>Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio, for OMB No. 1513-0103 (Tobacco Bonds)</b>					
Position	Fully-loaded Labor Rate per Hour <sup>2</sup>	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-5, Step 5, Clerk	\$32.45	5 minutes	\$2.70	120	\$324.00
GS-11, Step 5, Specialist	\$59.50	10 minutes	\$9.92		\$1,190.40
<b>TOTALS</b>	<b>(\$50.48)</b>	<b>15 minutes</b>	<b>\$12.62</b>	<b>120</b>	<b>\$1,514.40</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 to this information collection request. As for adjustments, due to a change in agency estimates, TTB is decreasing the number of annual respondents and responses to this collection, from 215 to 120 respondents and responses. This results in a corresponding decrease in the annual estimated total burden, from 215 to 120 hours.

On forms TTB F 5200.25, TTB F 5200.26, and TTB F 5200.29, as needed, TTB is updating references to the Bureau of the Fiscal Service (formerly the Financial Management Service), website and mailing addresses, and telephone numbers. In addition, in the Paperwork Reduction Act Notice for each form, TTB is revising the title of the person to whom comments regarding the form and its burden are directed, from "Reports Management Officer," to "Paperwork Reduction Act Officer," and is adding a reminder not to mail completed bond forms to the comment submission address.

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?*

TTB will display the expiration date for OMB approval of this information collection request on its three related forms, TTB F 5200.25, Tobacco Bond – Collateral, TTB F 5200.26, Tobacco Bond – Surety, and TTB F 5200.29, Tobacco Bond.

<sup>2</sup> Federal Government Fully-loaded Labor Rate = Hourly wage rate x 1.63 to account for benefit costs. Per the most recent Office of Personnel Management (OPM) Federal hourly 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 = \$59.50/hour (\$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).

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

- (c) See item 5 above.
- (f) This is not a recordkeeping requirement.
- (i) No statistics involved.

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

This information collection request does not employ statistical methods.