

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement -- Information Collection Request**

**OMB Control Number 1513-0119**

**Certification of Proper Cellar Treatment for Imported Natural Wine**

**Changes Since Last Approval**

Changes made to the Supporting Statement since this collection's last approval:

- Throughout the Supporting Statement, TTB is making editorial and grammatical changes for clarity.
- In Question 8, TTB is updating the 60-day notice publication information for this information collection.
- In Question 12, due to a change in agency estimates, TTB is decreasing the number of annual responses, responses, and burden hours and the resulting respondent labor costs associated with this information collection.
- In Question 14, TTB is decreasing the estimated Federal Government costs reported for this information collection due to the decrease in the collection's number of annual respondents and responses.
- TTB is revising Question 15 to note the adjustment made to this information collection's respondent burden as reported in Question 12.

**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 (IRC, 26 U.S.C.). In addition, for the purposes of providing consumers with adequate information regarding the identity of alcohol beverages, the FAA Act at 27 U.S.C. 205 provides the Secretary of the Treasury (the Secretary) with authority to issue regulations regarding the labeling of such products. TTB administers those IRC provisions and the FAA Act pursuant to section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d), and Treasury Order 120-01.

Under section 5382(a)(3) of the IRC, importers of natural wine produced after December 31, 2004, must provide the Secretary with a certification from the government of the producing country, accompanied by an affirmed laboratory analysis, that the practices and procedures used to produce the wine constitute proper cellar treatment. That IRC section also contains alternative certification requirements or exemptions for natural wine produced and imported

under certain international agreements, and for such wine imported by an owner or affiliate of a domestic winery.

The IRC's provisions regarding certification of proper cellar treatment of imported natural wine are implemented in TTB's alcohol import regulations at 27 CFR 27.140. That section describes when wine importers or bottlers of wine imported in bulk must possess or present such certificates to TTB or U.S. Customs and Border Protection (CBP), and it describes the information required on, and the format of, those certificates. Section 27.140 also provides that natural wines imported under an international agreement specifying that the practices and procedures used to produce the wine are acceptable to the United States do not require a certificate, and that owners or affiliates of domestic wineries may self-certify proper cellar treatment for their imported natural wines. Finally, that section exempts from certification those wines produced before January 1, 2005, as well as those imported as commercial samples, for personal or noncommercial use, or held on international passenger carriers.

Under the authority of section 205 of the FAA Act, TTB's wine labeling regulations at 27 CFR 4.45(b) provide that importers of natural wine who are required to possess a certificate of proper cellar treatment under 27 CFR 27.140 must also include a copy of that certificate when applying for the wine's certificate of label approval (COLA).<sup>1</sup> Section 4.45(b) also states that such certificates are valid for multiple imports of the same wine, and it notes that TTB will make submitted certificates available to the public on its internet website. Section 4.45(b) further provides that TTB may use a certificate's information to verify a wine's labeled class and type designation.

This information collection is necessary to meet the IRC's statutory requirements regarding certification of proper cellar treatment for imported natural wine. In addition, the required information allows TTB to verify that such wines are properly labeled under the FAA Act.

This information collection is aligned with—

- Line of Business/Sub-function: Law Enforcement/Substance Control.
- IT Investment: None.

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

TTB uses this information collection to meet the IRC's statutory requirements regarding the certification of proper cellar treatment for imported natural wine. Under the FAA Act, TTB also may use the collected information to verify certain label information for imported natural wines to ensure that respondents provide consumers with adequate information regarding the identity of such wines.

*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?*

The TTB regulations at 27 CFR 27.140 specify the information required on, and the format of, proper cellar treatment certificates for imported natural wine, and respondents may use their own electronic systems to produce and maintain them. When filing import entries for

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<sup>1</sup> The collection of COLA applications, including any required attachments, is approved under OMB control number 1513-0020.

natural wine with CBP, importers upload copies of the required certificates, or attest to their possession of them, using CBP's the electronic Automated Commercial Environment (ACE) system (see <https://www.cbp.gov/trade/automated>). Also, nearly all respondents required to provide proper cellar treatment certificates to TTB as part of a COLA application do so electronically via TTB's COLAs Online system (see <https://www.ttb.gov/labeling/colas>). Finally, as stated in 27 CFR 4.35(b)(3), TTB posts the certificates of proper cellar treatment it receives to its website and respondents may use posted certificates in lieu of obtaining an original certificate (see <https://www.ttb.gov/wine/import-certifications-on-file-with-ttb>).

*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?*

Certificates of proper cellar treatment for imported natural wine are required by statute and contain information that is pertinent to each respondent and specific to the imported wine in question. As far as TTB can determine, similar information is not available to it elsewhere.

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

Certificates of proper cellar treatment for imported natural wine are required by statute (see 26 U.S.C. 5382(a)(3)), and, as such, TTB cannot waive or reduce the requirements of this information collection for any respondent, regardless of size. However, that IRC section also contains alternative certification requirements or exemptions for natural wine produced and imported under certain international agreements and for such wine imported by an owner or affiliate of a domestic winery. As those exemptions cover the vast majority of the natural wine imported into the United States, TTB believes that this information collection does not have a significant impact on a substantial number of small entities.

*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?*

Unless otherwise exempted, the IRC at 26 U.S.C. 5382(a)(3) requires importers to provide certificates of proper cellar treatment for imported natural wine. This information collection is the minimum necessary to comply with that statute and collecting the required information less frequently or not at all would be inconsistent with that statute.

*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), a requirement to retain records for more than 3 years is a special circumstance. Under the TTB COLA regulations at 27 CFR 4.45(c), respondents that are required to possess a certificate of proper cellar treatment for imported natural wine must retain a copy of the certificate for 5 years following the date of the wine's removal of from customs custody as TTB has determined that some wines remain in the commerce stream for more than 3 years. As such, retention of the required certificates for that time is necessary to allow TTB to verify that imported natural wine has met the IRC's statutory requirements regarding possession of such certificates by importers, and that certain label information for such wines is accurate.

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 Monday, April 3, 2023, at 88 FR 19711. 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 assurance of confidentiality to respondents to this information collection. As stated in 27 CFR 4.35(b)(3), certificates of proper cellar treatment for imported natural wine submitted to TTB by respondents are disclosed to the public via posting on the TTB website (see <https://www.ttb.gov/wine/import-certifications-on-file-with-ttb>).

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, and it does not collect personally identifiable information (PII) in a Government 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?*

Burden estimate: TTB notes that, under statutory exemptions, persons who import natural wine subject to certain international agreements do not have to provide certification of proper cellar treatment for such wine, and that owners or affiliates of domestic wineries may self-certify proper cellar treatment of their imported natural wines. As those exemptions cover almost all of the natural wine imported into the United States, based on recent data, TTB estimates that 20 respondents will make one annual response to this information collection, for a total of 20 annual responses. TTB also estimates that each response takes 20 minutes to complete, for an estimated total annual burden of 6.67 hours for this collection.

Labor cost burden: TTB estimates the respondent labor cost burden for this information collection as follows:

Labor Category	Fully-loaded Labor Rate/Hour <sup>2</sup>	Time/Response	Labor Cost/Response	Total Labor Costs for 20 Annual Responses
Office and Administrative Support Occupations	\$32.16	10 minutes	\$5.36	\$107.20
Compliance Officers	\$45.24	10 minutes	\$7.54	\$150.80
<b>TOTALS</b>	<b>(\$38.70)</b>	<b>20 minutes</b>	<b>\$12.90</b>	<b>\$278.00</b>

Record retention: Per 27 CFR 27.140(b)(1), respondents must retain the required proper cellar treatment certificates for 3 years, while 27 CFR 4.45(c) requires respondents to retain any certificates submitted as part of a COLA application for a period of 5 years.

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)?*

There are no annualized capital or start-up costs to respondents associated with this collection. The information contained on the required certificates is provided to respondents by the relevant foreign governments, or respondents use copies of certificates previously submitted to TTB.

14. *What is the annualized cost to the Federal Government for this information collection?*

TTB estimates the total annual labor and overhead costs to the Federal Government for this information collection to be **\$393.48**, calculated as follows:

Labor Costs: TTB estimates its annual labor costs for this information collection as follows:

Position	Fully-loaded Labor Rate/Hour <sup>3</sup>	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-12, Step 5, Management Analyst	\$83.37	12 minutes	\$16.674	20	\$333.48

Overhead Costs: TTB estimates that it has \$60.00 in overhead costs (office supplies) for this information collection. There is no TTB form associated with this information collection as respondents supply the required certificates to TTB in the specified format. As such, there are no printing or distribution costs to TTB for this information collection.

<sup>2</sup> Fully-loaded Labor Rate/Hour = Hourly wages plus benefits, calculated as hourly wage x 1.44 for the private sector. 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 312100—Beverage Manufacturing, TTB estimates the fully-loaded labor rate for respondents as follows: (1) Office and Administrative Support Occupations = 32.16 (\$27.30 per hour (based on a \$22.33 hourly wage wage), and (2) Compliance Officers = \$45.24 per hour (based on \$31.42 hourly wage). See [https://www.bls.gov/oes/current/naics4\\_312100.htm](https://www.bls.gov/oes/current/naics4_312100.htm).

<sup>3</sup> Federal Government Fully-loaded Labor Rate = Hourly wage rate x 1.63 to account for benefit costs. Per the Office of Personnel Management (OPM) hourly wage data for 2023, the fully-loaded labor rate for a GS-12, Step 5, employee in the Washington, DC, area is \$83.37 (based on an hourly wage of \$51.15). See the OPM Federal wage table at [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/DCB\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/DCB_h.pdf).

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 further decreasing the estimated number of annual respondents, responses, and burden hours associated with this information collection. While the IRC at 26 U.S.C. 5382(a)(3) requires importers of natural wine to provide the Secretary with a certification from the government of the producing country that the practices and procedures used to produce the wine constitute proper cellar treatment, that IRC section also exempts such wine produced and imported under an international agreement and wine imported by an owner or affiliate of a domestic winery from the certification requirement. Since the adoption of IRC section 5382(a)(3) in 2004, the United States has entered into wine agreements with over 30 countries, including all the world's largest wine producing nations.<sup>4</sup> Therefore, almost all wines imported into the United States are now exempt from the IRC's certification requirement for natural imported wine. As a result, TTB's estimated annual burden for this information collection has further decreased, from 50 respondents, 50 responses, and 17 hours, to 20 respondents, 20 responses, and 7 hours.

16. *Outline plans for tabulation and publication for collections of information whose results will be published.*

As stated in 27 CFR 4.35(b)(3), TTB posts the submitted certificates of proper cellar treatment for imported wine that it receives for public viewing on its internet website (see <https://www.ttb.gov/wine/import-certifications-on-file-with-ttb>). On that TTB webpage, the posted certificates are first indexed by the year of importation, then by the country of origin, and then by the producing company's name.

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 the submitted certifications are prepared by the respondent, there is no TTB-provided paper or electronic collection instrument for this information collection. Therefore, there is no medium on which TTB can display the OMB expiration date for this information collection.

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

(c) See item 5 above.

(f) This is not a recordkeeping requirement.

(g) There is no TTB-issued collection instrument associated with this information collection and the submitted certifications are prepared by the respondent. As such, there is no prescribed medium for TTB to inform respondents of the information called for under 5 CFR 1320.8(b)(3).

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<sup>4</sup> TTB has entered into wine trade agreements with the nations of the European Union, and with the other nations of the World Wine Trade Group (Argentina, Australia, Canada, Chile, Georgia, New Zealand, South Africa, and Uruguay). See <https://www.ttb.gov/wine/countries-with-enological-practices-agreements-with-the-u-s>.

(i) No statistical survey methodology is involved.

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

This information collection does not employ statistical methods.