DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement –– Information Collection Request

OMB Control Number 1513–0092

Marks on Wine Containers (TTB REC 5120/3)

Changes Since Last Approval

This Supporting Statement is revised in response to the pending publication of a proposed rule entitled, "Alcohol Facts Statements in the Labeling of Wines, Distilled Spirits, and Malt Beverages."

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, TTB administers the Federal Alcohol Administration Act (FAA Act, 27 U.S.C. chapter 8), which at 27 U.S.C. 205(e) and (f) directs the Secretary of the Treasury (the Secretary) to issue regulations regarding the labeling and advertising of wine, distilled spirits, and malt beverages. TTB administers those statutes 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 has delegated certain IRC and FAA Act administrative and enforcement authorities to TTB through Treasury Order 120–01.

The IRC at 26 U.S.C. 5041 imposes a per gallon Federal excise tax of varying rates on six classes of wine—three classes of still wines based on their alcohol content, two classes of effervescent wines, and one class of hard cider.[1] In addition, the IRC at 26 U.S.C. 5368 requires proprietors to mark or otherwise identify wines kept on or removed from their premises in the manner the Secretary prescribes by regulation, while 26 U.S.C. 5388 requires proprietors to mark, transport, and sell wines under their proper designation as to kind and origin or, for non-standard wine, under a truthful statement of composition, subject to regulations issued by the Secretary.

Under those IRC authorities, the TTB regulations in 27 CFR Part 24, Wine, require wine premises proprietors to place certain identifying marks and labels on the production and

[1] Per 26 U.S.C. 5041(b), as amended, the six wine excise tax classes are: (1) Still wines of not more than 16 percent alcohol by volume (ABV), (2) Still wines of more than 16 and not more than 21 percent ABV, (3) Still wines of more than 21 and not more than 24 percent ABV, (4) Champagne and other (naturally) sparkling wines, (5) Artificially carbonated wines, and (6) Hard cider.

storage containers kept on their premises, such as tanks, barrels, bins, and pallets. The part 24 regulations also require those proprietors to place certain identifying information, such as brand name, kind of wine, and alcohol content, on the labels of cases, bottles, and other consumer wine containers prior to their removal from the wine premises. The specific TTB regulatory provisions currently included in this collection requirement are found in 27 CFR 24.96, 24.97, 24.115, 24.168, 24.212, 24.213, 24.214, 24.215, 24.218, 24.255, 24.256, 24.257, 24.259, and 24.260.

The currently required disclosures consist of usual and customary identifying information placed on wine containers by respondents during the normal course of business, regardless of any regulatory requirement to do so, in order to track production and inventory, and identify wines to the public. While disclosure of the required information is a usual and customary business practice, the TTB regulatory requirements to do so are necessary to protect the revenue. Because of the six different excise tax rates imposed on wines, and because respondents may produce different tax classes of wine at the same premises, the required information ensures that wines are correctly identified for excise tax purposes.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: None.

Proposed Rule—Alcohol Facts Statements in the Labeling of Wines, Distilled Spirits, and Malt Beverages

In a proposed rule titled “Alcohol Facts Statements in the Labeling of Wines, Distilled Spirits, and Malt Beverages,” issued under its IRC authorities, TTB is proposing to require an alcohol content statement (within certain tolerances) to appear on the labels of consumer containers of domestic and imported wines that are not currently subject to such labeling requirements under the FAA Act.[2] Specifically, the alcohol content labeling requirement will be added to the TTB regulations at 27 CFR 24.257 for domestic wines and at 27 CFR 27.59 for imported wines. TTB has determined that mandatory alcohol content statements on labels for all wines subject to tax under the IRC will assist in protection of the revenue.

Currently, TTB considers the IRC-based labeling requirements for wine containers to require only the display of usual and customary label information, which, under OMB regulations at 5 CFR 1320.3(b)(2), imposes no additional burden on respondents under the Paperwork Reduction Act. TTB believes that responses to the expanded requirement to display alcohol content on labels of wine that were not previously subject to such a requirement will not require more than 1 hour annually per respondent. TTB also believes that the great majority of wine proprietors and importers either already label their products with an alcohol content statement or have ready access to such information for quality control purposes even if they do not display that information on their product labels. In addition, given the proposed compliance period of 5 years, TTB believes that all wine bottlers and importers will be able to coordinate any required labeling changes with their usual and customary scheduled

[2] In the proposed rule, under its IRC authorities, TTB also is revising the information collection request approved under OMB No. 1513–0086 to require alcohol content statements on all domestic and imported consumer containers of beer. In addition, under its FAA authority, TTB is revising the information collection request currently approved under OMB No. 1513–0087 to add a new information collection to require an Alcohol Facts statement to appear on alcohol beverage labels for domestic and imported products subject to the labeling requirements of the FAA Act.

labeling changes, and, as such, there will be no additional costs to respondents for this new information collection requirement.

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

Given the varying Federal excise tax rates on the six classes of wine defined in the IRC, four of which are defined by the wine's alcohol content, the TTB regulatory requirements to display certain usual and customary identifying information on wine containers are necessary to protect the revenue. TTB personnel may examine the required third-party disclosures during audits or investigations of wine premises to ensure that proprietors have correctly identified their wines for excise tax purposes. In addition, industry members and the public use the required marks and labels on wine containers to identify the contents of bulk and consumer containers of wine. If the proposed rule is finalized, such identification will include the alcohol content of all consumer containers of domestic and imported wine.

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?

Respondents display or place the required wine container marks, labels, and identifying information at their business premises, and they may use technologies of their choice to meet the requirements of this information collection requirement.

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?

The required marks and labels on wine containers are pertinent and unique to each respondent and do not duplicate other third-party disclosure information.

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

TTB has determined that the placement of the currently-required marks and labels on wine containers is a usual and customary business practice undertaken by respondents for cost accounting, equipment utilization, inventory control, and product identification purposes. Per the OMB regulations at 5 CFR 1320.3(b)(2), such usual and customary business practices do not place any additional burden on respondents. As for the alcohol content labeling requirement for consumer containers of wine in the proposed rule, TTB believes that responses to that requirement will not require more than 1 hour annually per respondent. TTB also believes that the great majority of respondents already label their products with an alcohol content statement or have ready access to such information for quality control purposes even if they do not display that information on their product labels. In addition, given the proposed compliance period of 5 years, TTB believes that all respondents will be able to coordinate any required labeling changes with their usual and customary scheduled labeling changes, and, as such, there will be no additional costs to respondents for this new information collection requirement. As such, TTB believes that the revised information collection requirement will not have a significant impact on 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?

Respondents apply the required marks to wine containers only on an as-needed basis. As such, TTB cannot conduct this information collection request less frequently. Not requiring this collection would jeopardize the revenue and TTB's ability to effectively administer the IRC provisions regarding wineries and wines, and would prevent TTB, industry members, and the public from correctly identifying wines and their alcohol content.

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 general public regarding the proposed amendments to the information collection requirements contained under this collection approval, TTB has published in the Federal Register a proposed rule titled "Alcohol Facts Statements in the Labeling of Wines, Distilled Spirits, and Malt Beverages," (see the Federal Register of January 17, 2025, at 90 FR 6654). The comment period for this proposed rule and this revised information collection will be open for 90 days, until April 17, 2025.

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?

As a third-party disclosure that requires placement of certain marks on containers of wine, TTB does not provide a specific assurance of confidentiality for this information collection request.

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, and it does not collect personally identifiable information (PII) in an electronic system. Therefore, no

Privacy and Civil Liberties Impact Assessment (PCLIA) or System of Records Notice (SORN) is required for this collection.

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

Estimated Burden Hours: Based on recent data, TTB estimates that 14,300 respondents will respond to this information collection request once annually, for a total of 14,300 annual responses. TTB has determined that the placement of the required marks on wine containers, other than the proposed alcohol content statement, is a usual and customary business practice undertaken by respondents regardless of any regulatory requirement to do so. As such, per the OMB regulations at 5 CFR 1320.3(b)(2), the great majority of this information collection request imposes no burden hours on respondents.

As for the placement of the required alcohol content statement on consumer containers of wine, TTB estimates that the 14,300 respondents to this collection requirement will each make 1 annual response, for a total of 14,300 responses, and that each response will require 1 hour to complete, for an estimated total annual burden of 14,300 hours.

Estimated Labor Costs: Respondent labor costs associated with the placement of alcohol content statements on the labels of consumer containers of wine are estimated as follows:

Respondent Labor Costs for OMB No. 1513–0092 NAICS 312100 — Beverage Manufacturing – Compliance Officers Fully-loaded Labor Rate/Hour[3] = $52.17*					
Avg. Time / Response	Labor Cost / Response	Responses / Respondent	Labor Costs / Respondent	Total Respondents	Total Labor Costs
1.0 hour	$52.17	1	$52.17	14,300	$746,031.00

* Labor costs rounded to the nearest whole cent unless otherwise noted.

TTB has determined that because the placement of the other required marks on wine containers is a usual and customary business practice undertaken by respondents regardless of any regulatory requirement, the other requirements of this information collection request impose no additional labor costs on respondents per the OMB regulations at 5 CFR 1320.3(b)(2).

Recordkeeping Requirement: There is no TTB recordkeeping or retention requirement for the marks required under this collection request. However, under information collection requirements approved under OMB No. 1513–0115, Usual and Customary Business Records Relating to Wine, TTB REC 5120/1, respondents must keep various records, including records documenting the information placed on wine containers, which, under 27 CFR 24.300(d), they must retain for at least 3 years.

[3] Private Sector Fully-loaded Labor Rate = 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 312100—Beverage Manufacturing, the average fully-loaded labor rate per hour for Compliance Officers (13–1041) is $52.17, based on a mean hourly wage of $36.23. Fully-loaded labor rates for other occupations that may be involved in label design and approval, such as graphic designers, are generally lower. See the Bureau of Labor Statistics website at *https://www.bls.gov/oes/current/naics4_312100.htm*.

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)?

The placement of the required marks on wine containers is largely a usual and customary business practice undertaken by respondents regardless of any regulatory requirement to do so, and, as such, the great majority of this collection's requirements do not impose any additional costs on respondents per the OMB regulations at 5 CFR 1320.3(b)(2). As for the proposed alcohol content statement for consumer containers of wine, TTB believes that the great majority of respondents already label their products with an alcohol content statement or have ready access to such information for quality control purposes even if they do not display that information on their product labels. Also, given the proposed compliance period of 5 years, TTB believes that all respondents will be able to coordinate any required labeling changes with their usual and customary scheduled labeling changes, resulting in no additional costs to those respondents.

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

There are no costs to the Federal Government associated with this information collection as it is a third-party disclosure consisting of marks placed by respondents on wine containers.

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

Program Changes Due to Proposed Rule

As noted above, in a proposed rule titled "Alcohol Facts Statements in the Labeling of Wines, Distilled Spirits, and Malt Beverages," TTB is proposing to expand existing requirements for alcohol content statements as a percentage of alcohol by volume to wines that are not currently subject to mandatory alcohol content labeling under the FAA Act. In the proposed rule, that requirement will be added to 27 CFR 24.257(a)(3) for domestic wine and that section is already included within this collection approval, OMB No. 1513–0086. In addition, the proposed rule will add the alcohol content labeling requirement for imported wines to 27 CFR 27.59(a)(3), which will be accounted for under this collection approval (the FAA Act related labeling requirements in § 27.59 will remain under OMB No. 1513–0087).

While TTB determined that the wine container marks previously required under this collection request were placed by respondents as a usual and customary business practice, resulting in no additional burden to respondents, TTB believes that responses to the proposal to require display alcohol content on labels wine not previously subject to such a requirement will not require more than 1 hour annually per respondent. Thus, due to the described proposed program changes, while the number of annual respondents and responses to this information collection request, 14,300 each, will not change, the estimated annual total burden for this collection request will increase from 0 hours to 14,300 hours.

Adjustments

Due to changes in agency estimates, TTB is decreasing the number of respondents to this information collection from 17,000 to 14,300.

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?

This information collection request requires the third-party disclosure certain identifying and alcohol content identifying information applied to wine containers by respondents at their premises. As such, there is no prescribed TTB collection instrument for this collection and there is no medium for TTB to display this collection's OMB approval expiration date.

18. What are the exceptions to the certification statement?

(c) See item 5 above.

(f) See item 11 above.

(g) As this information collection request consists of marks placed by respondents on wine containers, there is no medium for TTB to inform respondents of the information called for under 5 CFR 1320.8(b)(3).

(i) No statistics are involved.

B. Collections of Information Employing Statistical Methods.

This information collection request does not employ statistical methods.