DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement –– Information Collection Request

OMB Control Number 1513–0057

Letterhead Applications and Notices Relating to Wine (TTB REC 5120/2)

Changes Since Last Approval

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

- In Question 1, TTB explains the proposed regulatory amendments affecting this information collection request, which is intended to lower the overall respondent burden associated with reporting certain changes to the business of and operations at an established wine premises.
- In Question 8, TTB states that it will seek public comment on the proposed changes to this information collection request via publication of the described proposed rule in the Federal Register.
- In Question 12, 13, and 14, TTB is updating, respectively, the estimated hour burden and respondent labor costs, the estimated respondent non-labor costs, and the costs to the Federal Government associated with this information collection request based the most recent data available and on implementation of the proposed rulemaking described in this Supporting Statement.
- In Question 15, TTB describes the program changes to this information collection request that would result from implementation of the proposed rulemaking described in this Supporting Statement.

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.). TTB administers those IRC provisions 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 Order 120–01.

In general, the IRC imposes Federal excise tax on wine,[1] governs establishment of and activities at wine premises, and authorizes the Secretary to issue regulations regarding such taxes and activities. Specific to this information collection request, the IRC at 26 U.S.C. 5351–5373 governs establishment and operation of wine premises (wine cellars, wineries, and taxpaid wine bottling houses), and, at 26 U.S.C. 5381–5388, it defines or sets standards for natural wine, special natural wine, agricultural wine, cellar treatment of natural wine, amelioration and sweetening of wine, and designations of wines. In addition, the IRC, at 26 U.S.C. 5391, 5392, and 5661–5663, governs exemptions from distilled spirits taxes for wine spirits, defines certain terms, and provides criminal penalties for unauthorized production of wine or misrepresentation of wine in its labeling, packaging, or advertising.

Under those IRC authorities, the TTB regulations in 27 CFR Part 24, Wine, currently require wine premise proprietors to submit letterhead applications or notices to TTB regarding the use of alternate regulatory compliance methods or procedures and certain specified wine premise operations—particularly those that affect the designation, tax rate, or volume of wine produced or removed. In general, the regulations require proprietors to submit letterhead applications regarding wine premise operations posing a greater jeopardy to the revenue, which TTB must approve before the proprietor begins the operation. However, for operations that pose less jeopardy to the revenue, the regulations require submission of a letterhead notice, which merely reports the action to TTB and does not require its approval. As such, this information collection request is necessary to ensure that proposed wine premises operations comply with relevant laws and regulations and do not jeopardize the revenue or pose a burden to the administration of TTB's wine regulations.

The following TTB regulations in 27 CFR part 24 currently require the submission of a wine premises-related letterhead application or notice:

Letterhead Applications	
§ 24.21, Modified forms.	§ 24.22, Alternate method or procedure.
§ 24.25, Emergency variations from requirements.	§ 24.77, Experimental wine.
§ 24.91, Conveyance of untaxpaid wine or spirits.	§ 24.103, Other operations.
§ 24.108, Bonded wine warehouse application.	§ 24.235, Taxpayment or destruction of spirits.
§ 24.249, Experimentation with new treating material or process.	§ 24.250, Application for use of new treating material or process.
§ 24.294, Destruction of wine.	§ 24.296(b), Taxpaid wine operations.

Letterhead Notices	
§ 24.77(e), Experimental wine.	§ 24.131, Change in building construction and use of premises.
§ 24.140, Notice. [Discontinuance of operations.]	§ 24.141, Bonded wine warehouse. [Notice of discontinuance of operations.]

[1] The IRC, at 26 U.S.C. 5041, prescribes six tax classes for wine. Five classes are based on a wine's alcohol content and the amount and source of carbon dioxide in the wine, while hard cider constitutes the sixth tax class.

§ 24.230, Examination of tank car or tank truck.	§ 24.231, Receipt of spirits in sealed bulk containers.
§ 24.236, Losses of spirits.	§ 24.242. Authority to use greater quantities of decolorizing material in juice or wine.
§ 24.268, Losses by fire or other casualty.	

This information collection is aligned with —

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

Modernization of Permit Application Requirements for Wine Premises Notice of Proposed Rulemaking

In a proposed rule titled "Modernization of Permit Application Requirements for Wine Premises," TTB is proposing deregulatory amendments to its regulations to modernize and streamline the application requirements to establish and operate a wine premises. The proposed amendments also relax reporting requirements associated with certain changes to the business or operations of a wine premises proprietor and will allow proprietors to simply notify TTB when they maintain required records at a location other than their premises in place of an alternate procedure application, which requires TTB approval.

While TTB intends the proposed amendments to reduce respondent burden for OMB No. 1513–0009, Application to Establish and Operate Wine Premises, and Wine Bond, certain proposed amendments effect this information collection request, OMB No. 1513–0057, Letterhead Applications and Notices Relating to Wine (TTB REC 5120/2) and OMB No. 1513–0115, Usual and Customary Business Records Relating to Wine (TTB REC 5120/1).

The proposed regulatory amendments to 27 CFR part 24 are a result of TTB's evaluation of its permit and registration application requirements and consideration of relevant public comments submitted to the Treasury Department in response to its request for information concerning regulations that could be eliminated, modified, or streamlined. TTB believes the proposed regulatory amendments will significantly reduce the time needed to complete an application to establish and operate a wine premises and will provide proprietors will additional flexibilities regarding their operations.

Specific proposed regulatory amendments affecting this information collection request (OMB No. 1513–0057) are as follows:

- Section 24.122 currently requires wine premises proprietors to submit an amended wine premises application, as approved under OMB No. 1513–0009, before using new trade names. Such applications require TTB approval prior to the applicant using the trade name(s). To lower the burden associated with changing trade names, TTB proposes to amend § 24.122 to allow proprietors to merely report changes or additions to their trade name(s) by filing a letterhead notice, which does not require TTB approval. Because the proposed amendments to § 24.122 change the trade names information collection from an amended wine premises application to a letterhead notice, TTB believes it is more appropriate to account for that collection requirement under this collection approval,

OMB No. 1513–0057 rather than OMB No. 1513–0009. (Provisions of § 24.122 requiring amended wine premises applications for changes to the legal name of a proprietor or their business will remain under OMB No. 1513–0009.)

- Because of amendments to 27 CFR 24.109 prescribing the information required in an application to establish and operated a wine premises, TTB is making conforming changes to § 24.130. Section 24.130 currently requires proprietors to file an amended wine premises application, as approved under OMB No. 1513–0009, when changing any production process for volatile fruit-flavor concentrates. Instead, TTB proposes to require proprietors to file a letterhead notice merely reporting any new stills used in production of such concentrates. Because the amendments to § 24.130 change that collection of information from an amended wine premises application to a letterhead notice, TTB believes it is also more appropriate to account for that section's information collection requirement under OMB No. 1513–0057.

- In general, the TTB regulations require proprietors to maintain required records at their permitted premises. Currently, under § 24.22, wine premises proprietors may submit a letterhead application to TTB for an alternate procedure regarding the maintenance of records at a location other than their wine premises. In the proposed rule, TTB proposes to revise § 24.300(e) to allow wine premises proprietors to submit a letterhead notice to report the maintenance of required records at a location other than their wine premises, which will not require TTB approval.

In summary, given the proposed amendments described above, TTB is proposing to move information collection requirements contained in 27 CFR 24.122 and 24.130 from OMB No. 1513–0009, Application to Establish and Operate Wine Premises, and Wine Bond, to this information collection request, OMB No. 1513–0057, Letterhead Applications and Notices Relating to Wine (TTB REC 5120/2), and is adding the letterhead request contained in amended 27 CFR 24.300(e) to OMB No. 1513–0057 as well.

TTB notes that while the number of respondents to OMB No. 1513–0057 would increase due to the implementation of this proposed rule, the per-response burden associated with the wine-related letterhead information collection is 0.5 hour rather than the 1.0 hour currently estimated for the wine premises application information collection contained under OMB No. 1513–0009. Thus, the overall information collection burden associated with reporting changes to or new trade names and volatile fruit-flavor concentrate operations to TTB by wine premises proprietors will decrease. TTB also notes that the proposal regarding alternate maintenance locations for wine premises records will not affect the burden of OMB No. 1513–0057 as the estimated burden for letterhead applications for alternate procedures and letterhead notices reporting an action are the same, 0.5 hour per response.

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

Wine premise proprietors submit letterhead applications and notices to TTB to request permission to use alternate regulatory compliance methods or procedures or to undertake, or give notice of, certain specified changes to a wine premise or operation that may affect the business, the kind of wine produced or removed, its tax rate, or its taxable volume. TTB personnel process these applications and notices to ensure that a respondent's proposed action complies with relevant laws and regulations and does not jeopardize the revenue or pose a burden to TTB's administration of its wine regulations, while allowing maximum

operational flexibility to wine industry members. In addition, during field audits or inspections, TTB personnel may examine file copies of previously submitted letterhead applications and notices to ensure that their proprietors are in compliance with approved alternate methods or procedures, or with approved or notified wine operations.

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?

Wine premise proprietors may use information technology at their discretion to prepare and maintain file copies of the required applications and notices.

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 letterhead applications and notices required under this information collection request contain information pertinent to each respondent and applicable to a specific alternative method or procedure or wine premise operation for which application or notice is required. As far as TTB is able to 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?

The TTB regulations require all entities, regardless of size, to submit the letterhead applications and notices required under this information collection request. Waiver or reduction of these requirements simply because a wine premises is small would jeopardize the revenue and would not allow TTB to ensure the proposed action is in compliance with relevant laws and regulations. However, because respondents submit the required applications and notices only on an as-needed basis, TTB does not believe that this collection has 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?

TTB considers the required letterhead applications and notices required under this information collection request to be the minimum necessary to protect the revenue and ensure compliance with the statutes and regulations governing wine premise operations. Respondents make such submissions only as needed, 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? (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 will publish in the Federal Register a proposed rule titled "Modernization of Permit Application Requirements for Wine Premises," which will be open for comment for 60 days.

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 submitted letterhead applications and notices 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. In addition, this 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 Burden Hours: Based on recent experience and the proposed rule described above, TTB estimates 2,640 respondents file an average of one letterhead application or notice relating to wine on an annual basis, resulting in 2,640 total annual responses. TTB further estimates that each response takes 30 minutes (0.5 hours) to complete. Therefore, the estimated total annual burden for this information collection is 1,320 hours.

Estimated Respondent Labor Costs: Based on the average fully-loaded labor rate of $52.17 per hour for compliance officers employed in the beverage manufacturing industry, TTB estimates the per-respondent and total respondent labor costs for this information collection request as follows:[2]

[2] Private Sector Fully-loaded Labor Rate = Hourly wage rate x 1.44 to account for employee benefit costs. Per the most recent U.S. Department of Labor, Bureau of Labor Statistics (BLS), data for National Industry-Specific

Respondent Labor Costs for OMB No. 1513–0057 (Beverage Industry Compliance Officers — Average Fully-Loaded Labor Rate = $52.17/hour*)					
Avg. Time / Response	Fully-loaded Labor Rate / Response	Responses / Respondent	Labor Costs / Respondent	Total Responses	**Total Labor Costs**
0.5 hour	$52.17	1 annually	$26.085	2,000	**$66,224.40**

* The fully-loaded labor rates and respondent labor costs are rounded to the nearest whole cent unless otherwise noted.

Recordkeeping: Under 27 CFR 24.300(d), respondents must maintain record copies of submitted letterhead applications and notices for a period of not less than 3 years from the record date, or the date of the last use of the approved or noticed action, whichever is later.

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 that respondents to this information collection have no non-labor costs other than mailing supply and postage costs. As such, TTB estimates that each respondent has no more than $2.00 in such costs for their one annual response. Therefore, these costs total $5,280.00 for the estimated 2,640 annual responses to this collection.

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

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

General costs: There are no printing or distribution costs to TTB associated with this information collection as it consists of respondent-generated letterhead applications and notices. In response to letterhead applications, estimated to be half (1,320) of the total responses to this collection request, TTB generates a letter in return, informing the respondent of the Bureau's decision regarding their application. At a cost of $2.00 per response, TTB therefore will have no more than $2,640.00 per year in such costs for this information collection.

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

Labor Costs for OMB No. 1513–0057 for TTB Personnel at TTB's National Revenue Center in Cincinnati, Ohio					
Position	Fully-loaded Labor Rate per Hour[3]	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs

Occupational Employment and Wage Estimates for NAICS 312100—Beverage Manufacturing, the mean hourly wage for Compliance Officers (13–1041) is $36.23/hour, which results in a fully-loaded labor rate of $52.17/hour. See *https://www.bls.gov/oes/current/naics4_312100.htm*.

GS–5, Step 5, Clerk	$36.50	0.2 hour	$7.30	2,640	$19.272.00
GS–11, Step 5, Specialist	$66.90	1.0 hour	$66.90		$176,616.00
GS–13, Step 5, Supervisor	$95.36	0.3 hour	$28.608		$75,525.12
TOTALS	**($68.5387)**	**1.5 hours**	**$102.808**	**2,640**	**$271,413,12**

* Fully-loaded labor rates and Federal employee labor costs rounded to the nearest whole cent unless otherwise noted.

Total Costs: Given the above, TTB estimates that the total cost to the Federal Government for this information collection is no more than **$274,053.12**.

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

Program Changes and Resulting Impact on the Burden Estimate

As described above, in a proposed rule titled "Modernization of Permit Application Requirements for Wine Premises," TTB is proposing deregulatory amendments to its regulations to modernize and streamline the requirements for the wine premises permit application, as currently approved under OMB No. 1513–0009, Application to Establish and Operate Wine Premises, and Wine Bond. The proposed amendments also affect this information collection request, OMB No. 1513–0057, Letterhead Applications and Notices Relating to Wine (TTB REC 5120/2) and OMB No. 1513–0115, Usual and Customary Business Records Relating to Wine (TTB REC 5120/1).

Specific to this information collection request, OMB No. 1513–0057, TTB proposes to amend § 24.122 to allow wine premises proprietors to report changes or additions to the trade names they use by submitting a letterhead notice to TTB, rather than requiring the submission of an amended wine premises application. While the information collection requirement in § 24.122 is currently approved under OMB No. 1513–0009, TTB believes that because the proposed amendments to that section change the required information collection from an amended wine premises application to a letterhead notice, it is more appropriate to account for the collection of trade name information under this information collection request, OMB No. 1513–0057.

Also, because of amendments to 27 CFR 24.109, which prescribes the information required in an application to establish and operated a wine premises as approved under OMB No. 1513–0009, TTB is making conforming amendments to § 24.130. Section 24.130 currently requires wine premises proprietors to file an amended wine premises application when making changes to any volatile fruit-flavor concentrate production process that they operate. Instead, TTB proposes to require that proprietors notify it of any new stills used in the production of concentrates via a letterhead notice. Because the amendments to § 24.130

[3] 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 = $36.50 based on a $22.39 hourly wage; (2) GS–11, step 5, employee = $66.90, based on a $41.04 hourly wage; and (3) GS–13, step 5 = $95.36, based on a $58.50 hourly wage. All fully-loaded wages are rounded to the nearest whole cent. See the OPM website at *https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/CIN_h.aspx*.

change the collection of information from an amended wine premises application to a letterhead notice, TTB believes it is also more appropriate to account for that section under this collection approval, OMB No. 1513–0057, rather than OMB No. 1513–0009.

In addition, TTB proposes to add paragraph (e) of 27 CFR 24.300 to this information collection. The revision will allow wine premises proprietors to submit a letterhead notice merely reporting their use of a record maintenance location other than their wine premises, instead of the currently-required letterhead application for an alternative procedure under 27 CFR 24.22, which requires TTB approval.

As a result of those proposed amendments, TTB estimates that the number of respondents filing wine premises applications under OMB No. 1513–0009 will decrease annually by 640 respondents, and, at 1 hour per response, will result in a decrease of 640 hours of burden for that information collection. Instead, wine premises proprietors making changes to their trade name(s) or to a volatile fruit-flavor concentrate process will, instead, submit letterhead notices under this information collection request, OMB No. 1513–0057. Each respondent will file an estimated 1 response annually, as currently estimated. At 0.5 hour per response for letterhead notices, TTB estimates the total annual burden increase for this information collection at 320 hours. However, given the 0.5 hour decrease in per-response burden estimate for reporting such changes to TTB, the overall burden for doing so will decrease by a total of 320 hours (-640 hours under OMB No. 1513–0009 + 320 hours under OMB No. 1513–005 = -320 hours). The revision of the information collection requirement regarding alternate record maintenance locations for wine premises records, from a letterhead application for an alternate procedure to a letterhead notice, will not affect the burden of this information collection as the per-response burden for letterhead applications and notices is the same (0.5 hour). However, such notifications will no longer require TTB approval prior to the use of the alternate record maintenance location.

Adjustments

There are no adjustments to the burden associated with this information collection beyond the program changes noted above.

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 consists of letterhead applications and notices submitted to TTB by wine industry members. As such, there is no prescribed TTB form for this information collection and, thus, there is no medium for TTB to display its OMB approval expiration date.

18. What are the exceptions to the certification statement?

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods.

This information collection does not employ statistical methods.