

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number -1513 0015

TTB F 5130.22 - Brewer's Bond
TTB F 5130.23 - Brewer's Bond Continuation Certificate
TTB F 5130.25 - Brewer's Collateral Bond
TTB F 5130.27 - Brewer's Collateral Bond Continuation Certificate

A. Justification.

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection? Also include the following: Align the information collection to Treasury's Strategic Goals, Line of Business/Sub-function, and IT Investment, if one is used.

Abstract

The Internal Revenue Code requires Brewers to give a bond to ensure compliance with the requirements of law and regulations and to protect revenue. The Brewer's Bond (TTB F 5130.22) is a contract between the Brewer and an authorized surety company to provide such a bond. The law also permits Brewers to furnish certain United States securities as collateral instead of a surety bond. The Brewer's Collateral Bond (TTB F 5130.25) is a form to more readily facilitate this transaction.

Under the law the Brewer's bonds expire each 4 years. Instead of filing a new bond, a Brewer may furnish a continuation certificate to extend the term of the bond. The existing Brewer's Bond Continuation Certificate (TTB F 5130.23) and the Brewer's Collateral Bond Continuation Certificate (TTB Form 5130.27) provide for these transactions.

Brewer's must keep their current bonds for as long as the brewery is in operation.

Brewer's Bond (TTB F 5130.22)

Under 26 U.S.C. 5401, Brewers must furnish qualifying documents to TTB before they start business. This includes the execution of the Brewer's Bond, TTB F 5130.22, to the United States in an amount sufficient to safeguard the tax revenue from beer. Title 27, CFR, section 25.93 establishes the bond amount for surety bonds and section 25.91 requires a bond be executed before starting business.

Brewer's Bond Continuation Certificate (TTB F 5130.23)

Title 26 U.S.C. 5401, requires renewal of the Brewer's Bond every 4 years in order for a Brewer to remain qualified to operate. In lieu of executing a new bond, section 5401 and 27 CFR 25.97 permit a Brewer to furnish a Brewer's Bond Continuation Certificate (TTB F 5130.23) in order to continue the contract between the Brewer and Surety company for 4 years.

Brewer's Collateral Bond (TTB F 5130.25)

Title 26 U.S.C. 7101 permits a Brewer to submit United States Treasury securities or notes instead of obtaining bond coverage from a surety.

Brewer's Collateral Bond Continuation Certificate (TTB F 5130.27)

Title 26 U.S.C. 5401, requires renewal of the Brewer's bond every 4 years, and § 5401 and 27 CFR 25.97 permits a Brewer to furnish a Brewer's bond continuation certificate. The Brewer uses TTB F 5130.27 in order to continue the collateral bond for 4 years.

This information collection is aligned with:

Treasury Strategic Goal: Effective Manage US Government Finances.

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?

The information collected on these forms is reviewed by TTB to ensure that each Brewer has a bond that meets statutory and regulatory requirements prior to commencing operations and that each Brewer continues to meet the bonding requirements.

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?

All four forms are in our Permits on Line (PONL) system. We have yet to enter the active Brewer's information; therefore, neither Continuation Certificate is being submitted through PONL currently. We have approved and will continue to approve, on a case-by-case basis, the use of improved information technology for those Brewers that can submit electronically, as well as consider the same for other Brewers.

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

The forms contain information collected that is pertinent to each respondent and applicable to the specific issue of filing a bond or continuation certificate. As far as we 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?

The statute, 26 U.S.C. 5401, requires all Brewers to obtain a Brewer's bond or continuation certificate every 4 years. Thus, we require all Brewers, regardless of size, to furnish collateral or surety bonds or surety. This information collection requirement cannot be waived simply because the Brewer is a small business.

While we have no specific authority to minimize the burden to small businesses, 27 CFR 25.98 permits Brewers to furnish securities such as Government bonds or Treasury Notes as collateral instead of a corporate surety bond. Those who take advantage of this option are generally the smaller brewers. Government Notes or bonds are more easily obtained by small companies and involve no additional expense to acquire.

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?

Approval of the Brewer's bond or continuation certificate, TTB F 5130.22, 5130.23, 5130.25, and 5130.27, is one opportunity available to TTB to prevent individuals or companies convicted of illegal production, sale, or distribution, or of evading taxes on alcoholic beverages, from entering or continuing in the brewing business. The ability to prevent such persons from entering or continuing the brewing business provides greater security to Federal tax revenues.

Failure to obtain the bond or to renew/continue the bond within 4 years would violate federal law.

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.

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.

A 60-day Federal Register notice was published for this information collection on Friday, January 31, 2014, at 79 FR 5526. The notice solicited comments from the general public. TTB received no comments.

9. What decision was made to provide any payment or gift to respondents, other than reenumeration of contractors or grantees?

No decision of payment or gift is associated with this collection.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

We do not provide a specific assurance of confidentiality on these forms; however, the confidentiality of the information we collected on these forms is protected by 26 U.S.C. 6103 and 5 U.S.C. 552a.

11. What justification is there for questions of a sensitive nature?

No questions of a sensitive nature are asked; no personally identifiable information (PII) is collected.

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

TTB has 3,300 active breweries that file one of the four forms once every four years. We estimate that there were 700 new breweries established for this reporting period. In the past, we have not always considered that all new breweries filed (in about an even split) either TTB F 5130.22 or 5130.25 which makes the burden calculation a little more involved than what was done in the past. Therefore, we have attached an Excel spread sheet to numerically reinforce the following explanation for the burden-hour calculation:

All 3,300 Brewers will file these forms every 4 years, and they will file each of the four forms equally. We expect that of the estimated 700 new Brewers that will file an original application per year, half will file TTB F 5130.22 and the other half will file TTB F 5130.25. TTB F 5130.22 and 5130.25 can be filed electronically through PONL, and are filed 88% of the time electronically for new applicants (700 annually). Brewers are not currently filing the 4 year renewals through Permits Online. We estimate each form requires 45 minutes to complete when filed on paper, and 30 minutes when filed electronically. The estimated total number of responses is 1,524 and burden is 990 hours.

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information (excluding the value of the burden hours in Question 12 above)?

The total annual cost estimate associated with this paperwork requirement is allocated entirely to operations and maintenance. Annual costs are allocated as follows.

Wages	preparation 990 hours @ \$20	=	\$19,800.00
Postage	1,524 Forms @ \$0.61	=	<u>929.64</u>
		Total	\$ 20,729.64

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

We estimate costs to the Federal government for TTB F 5130.22, 5130.23, 5130.25, and 5130.27 are as follows:

Printing and Distribution	\$ 150
Clerical	50
Costs	110
Other salary (review, supervisory)	<u>320</u>
Total	\$ 630

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

All 3,300 Brewers will file these forms every 4 years, and they will file each of the four forms equally. In the past, we have not always considered that all new breweries filed (in about an even split) either TTB F 5130.22 or 5130.25 which makes the burden calculation a little more involved than what was done in the past. The increase of 610 burden hours is an adjustment in Agency estimate; 990 total burden hours requested.

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

The results of this collection of information will not be published.

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?

We will display the expiration date of OMB approval for this collection.

18. What are the exceptions to the certification statement?

(c) See item 5 above.

(f) This is not a TTB recordkeeping requirement collection.

(i) No statistics are involved.

(j) See item 3 above.

B. Collection of Information Employing Statistical Methods

This collection of information does not use statistical methods.