

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement for Information Collection Request

OMB Control Number 1513-0052

**Alcohol Fuel Plants (AFP) Reports, and Miscellaneous Letterhead Applications,
Notices, Marks, and Records.**

Information Collections Contained in this Request:

- Alcohol Fuel Plant Reports (TTB F 5110.75)
- Alcohol Fuel Plants — Miscellaneous Letterhead Applications, Notices, Marks, and Records (TTB REC 5110/10).

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, as amended, (IRC, 26 U.S.C.) 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.

While distilled spirits produced or imported into the United States are normally subject to excise tax under the IRC at 26 U.S.C. 5001, the IRC at 26 U.S.C. 5214(a)(12) allows distilled spirits used for fuel purposes to be withdrawn free of that tax. In addition, the IRC at 26 U.S.C. 5181 and 5207 requires a proprietor of a distilled spirits plant (DSP) established as an alcohol fuel plant (AFP) to make applications, maintain records, and render reports as the Secretary prescribes by regulation.

Under those IRC authorities, TTB has issued AFP regulations in 27 CFR Part 19, Subpart X, Distilled Spirits for Fuel Use. Those regulations require AFP proprietors to make an annual operations report using form TTB F 5110.75, Alcohol Fuel Plant Report, and require those proprietors to keep certain records, provide certain notices, and place certain marks on alcohol fuel containers. In general, the required applications or notices concern alternate methods or procedures, emergency variations, permit changes and plant alternations, and materials used to make alcohol fuel unfit for beverage use. The required records relate to plant operations and production, transfers, withdraws, and certain other AFP activities.

The TTB regulation requiring AFP proprietors to file an annual operations report on TTB F 5110.75, Alcohol Fuel Plant Report, is found at 27 CFR 19.720.

In addition, the 27 CFR part 19, subpart X, regulations associated with the Alcohol Fuel Plants — Miscellaneous Letterhead Applications and Notices, Marks, and Records (TTB REC 5110/10) information collection are:

19.665	19.666	19.667	19.683	19.685	19.687
19.688	19.691	19.692	19.693	19.695	19.709
19.710	19.714	19.715	19.716	19.717	19.718
19.719	19.724	19.727	19.729	19.733	17.734
19.735	19.736	19.739	19.747	19.749	19.752.

The collected information is necessary to ensure that the excise tax provisions of the IRC are appropriately applied, and also to prevent and detect diversion of alcohol fuel to taxable beverage use.

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?

Given that alcohol produced at an AFP is potable (unless it is denatured as required by the IRC) and may be withdrawn tax-free, TTB uses the information collected under this request to ensure that the tax provisions of the IRC are appropriately applied, and to prevent and detect diversion of alcohol fuel to taxable beverage use. Specifically, the collected information allows TTB to:

- (1) Identify the person(s) responsible for AFP operations and any potential excise tax liability by keeping AFP permit information up-to-date, including a plant's location, ownership and control, and operating status;
- (2) Account for the distilled spirits produced, received, used on premises, destroyed, lost, transferred, redistilled, and withdrawn to determine the amount, kind, and taxable status of the spirits removed from an AFP; and
- (3) Determine whether requests for alternate methods and procedures, emergency variations from regulatory requirements, or alternate materials for making AFP-produced distilled spirits unfit for beverage use will protect the revenue, not hinder administration of the TTB regulations, and not be contrary to the law.

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, respondents may electronically complete and submit TTB F 5110.75 via the Federal government's Pay.gov system; see <https://www.ttb.gov/epayment>. Respondents

may also download a fillable-printable version of TTB F 5110.75 at no cost from the TTB website at <https://www.ttb.gov/forms>. In addition, respondents may generate the required letterhead applications and notices, and keep and maintain the required records, using electronic systems of their choosing.

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 collected information is pertinent and specific to each AFP respondent and their alcohol fuel plant operations. As far as TTB 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?

TTB requires all entities, regardless of size, to submit or keep the required information to ensure that the tax provisions of the IRC are appropriately applied, and to prevent and detect diversion of alcohol fuel to taxable beverage use. As such, TTB cannot waive this information collection request's requirements simply because a respondent's business is small. However, TTB believes that the required information is the minimum necessary, and TTB notes that respondents compile the required annual report from usual and customary business records. As a result, TTB believes that this collection request does not have a substantial impact on a significant 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?

As noted above, the IRC allows AFP proprietors to withdraw alcohol fuel from their premise free of tax, and, unless denature as required, such alcohol is potable and easily diverted to taxable beverage use. If TTB did not collect the required information, or collected it less frequently, it would not be able to protect the revenue by ensuring that the IRC provisions related to AFPs are appropriately applied, and by detecting and preventing diversion of untaxed alcohol fuel to taxable beverage use.

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 request 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 request in the Federal Register on September 16, 2021, at 86 FR 51720. TTB received no comments on this collection request 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 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 reports, applications, and notices submitted to it under this collection request in secure file rooms and computer systems with controlled access, while respondents maintain the required AFP records at their premises.

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 information collection request.

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

Estimated Respondent Burden: Based on recent data, TTB estimates the respondent burden associated with this collection request as follows:

Information Collection	No. of Respondents	Responses / Respondent	Annual Responses	Hours Per Response	Total Burden
AFP Reports (TTB F 5110.75)	2,100	1	2,100	1 hour	2,100 hours
Misc. Applications, Notices, Marks, & Records (TTB REC 5110/10)	50*	1	50	1 hour	50 hours
TOTALS	2,150	1	2,150	1 hour	2,150 hours

* Of the 2,100 AFP respondents, 50 will annually submit miscellaneous applications and notices to TTB. However, TTB notes that the keeping of the inventory, production, removal, and other records required under this collection, and that the placement of the required content and non-potable marks on alcohol fuel containers, are usual and customary practices undertaken by AFP proprietors during the normal course of business. Under the OMB regulations at 5 CFR 1320(b)(2), such usual and customary practices, undertaken by respondents regardless of any regulatory requirement to do so, do not impose any burden on respondents as defined by the Paperwork Reduction Act.

Estimated Respondent Labor Costs: TTB estimates the annual per-respondent and total respondent labor costs for this information collection request as follows:

NAICS 3250A1 – Chemical Manufacturing (3251, 3252, 3253, and 3259 Only); NAICS 325100 – Basic Chemical Manufacturing,¹ Office & Administrative Support Occupations – Fully-loaded Labor Rate = \$33.25²						
Information Collection	Time / Response	Labor Cost / Response	Responses / Respondent	Labor Costs / Respondent	Total Responses	Total Labor Costs
AFP Reports (TTB F 5110.75)	1 hour	\$33.25	1	\$33.25	2,100	\$69,825.00
Misc. Applications, Etc. (TTB REC 5110/10)	1 hour	\$33.25	1	\$33.25	50	\$1,662.50
TOTALS				\$33.25	2,150	\$71,487.50

* Labor costs rounded to the nearest whole cent.

Respondent Record Retention: Under 27 CFR 19.81, DSP proprietors, including AFP proprietors, must maintain copies of any applications or notices related to their permit in their permanent plant registration file for as long as the application or notice is in effect. Under 27 CFR 19.716, proprietors must maintain the AFP records required under this information collection request for a period of not less than three years from the date of the record's creation or the date of the last entry required in the record, whichever is later. Under those sections, AFP proprietors also must make all such documents available for inspection by the appropriate TTB officers.

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 there are no start-up, capital, or ongoing costs to respondents for this collection request. AFP proprietors gather the information submitted on their annual operations report from usual and customary production, receipt, shipping, and inventory records kept during the normal course of business.

As for postage and mailing supply costs, TTB estimates that the 2,100 proprietors who each send one annual AFP report to TTB have postage and mailing costs of no more than \$2.00 each, totaling \$4,200.00 in such costs. In addition, the 50 respondents who also send one AFP-related miscellaneous application or notice to TTB annually have postage and supply costs of no more than \$2.00 per response, totaling \$100.00 in such. Together, this results in total postage and mailing supply costs of no more than \$4,300.00 for this information collection request.

¹ Per the U.S. Department of Labor, Bureau of Labor Statistics website, biofuel manufacturing occupations, which includes alcohol fuel, fall under the North American Industry Classification System (NAICS) statistical category NAICS 325100 – Basic Chemical Manufacturing. See <https://www.bls.gov/green/biofuels/biofuels.htm>.

² Private Sector Fully-loaded Labor Rate per Hour = Wage rate x a factor of 1.44 to account for benefit costs. Per the most recent U.S. Department of Labor, Bureau of Labor Statistics, wage data for NAICS 3250A1 – Chemical Manufacturing, which includes NAICS 325100 – Basic Chemical Manufacturing, the average fully-loaded labor rate for Office and Administrative Support Occupations is \$33.25/hour (\$23.09 in wages plus \$10.16 in benefit costs). See the Bureau of Labor Statistics website at https://www.bls.gov/oes/current/naics4_3250A1.htm.

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

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

Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio, for OMB No. 1513-0052*					
Position	Fully-loaded Labor Rate/Hour ³	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-5, Step 5, Clerk	\$35.13	3 minutes	\$1.76	2,150	\$3,784.00
GS-11, Step 5, Supervisor	\$59.50	15 minutes	\$14.88		\$31,992.00
TOTALS	(\$55.4666)	18 minutes	\$16.64	2,150	\$35,776.00

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

In addition, TTB estimates that it has \$1.00 in overhead costs for each response to this collection request, resulting in \$2,150.00 such costs. However, TTB's printing and distribution costs have decreased to \$0.00 in due to the availability of its forms to the public on the TTB website's forms page at <https://www.ttb.gov/forms>. Therefore, the total costs to the Federal Government for this information collection request are **\$37,926.00** (\$35,776.00 in labor costs plus \$2,150.00 in overhead costs).

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

There are no program changes associated with this information collection request. As for adjustments, due to changes in agency estimates, TTB is increasing the number of respondents, responses, and burden hours associated with the annual AFP report information collection (TTB F 5110.75) approved under this request, from 1,900 to 2,100 each. Those increases result from recent growth in the number of TTB-permitted AFPs in the United States. However, also due to changes in agency estimates, TTB is decreasing the number of respondents, responses, and burden hours for the miscellaneous AFP applications and notices information collection, from 62 to 50 each. Therefore, the overall estimated annual burden for this collection request has increased, from 1,962 respondents, responses, and burden hours, to 2,150. The number of responses per respondent and burden per response is unchanged for this collection request.

Changes to TTB F 5110.75: There are no changes to the collected information. However, in the form's Paperwork Reduction Act Notice, TTB is updating the position title of the staff member who receives public comments on the burden estimates associated with its information collections, and TTB is adding a reminder to respondents to not mail completed forms to that comment address.

³ 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) hourly wage data, the fully-loaded Federal labor rates for the Cincinnati, Ohio, wage area are: (1) GS-5, step 5, employee = \$35.13 (\$21.55 in wages plus \$13.58 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.

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 on its related form, TTB F 5110.75, Alcohol Fuel Plant Report. However, there is no TTB-generated medium to display that date for the Miscellaneous Letterhead Applications, Notices, Marks, and Records portion of this information collection request.

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

- (c) See item 5 above.
- (i) No statistics are involved.
- (j) See item 3 above.

B. Collection of Information Employing Statistical Methods.

This information collection request does not employ statistical methods.