

Department of the Treasury
Alcohol and Tobacco Tax and
Trade Bureau

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2024

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Section I – Budget Request

A – Mission Statement

To collect taxes on alcohol, tobacco, firearms, and ammunition; protect consumers by ensuring the integrity of alcohol products; ensure only qualified businesses enter the alcohol and tobacco industries; and prevent unfair and unlawful market activity for alcohol and tobacco products.

B – Summary of the Request

Supporting the Nation’s economic vitality is at the core of the work that the Alcohol and Tobacco Tax and Trade Bureau (TTB) performs. The Bureau’s role in permitting, regulating, and taxing the alcohol, tobacco, and firearms industries facilitates a compliant and fair marketplace for those engaged in the manufacture and trade of these commodities, and ensures that the Federal government has the resources needed to fund national priorities. In FY 2022, TTB collected approximately \$19.6 billion in excise taxes from the alcohol, tobacco, firearms, and ammunition industries.

Like so many others, TTB is defining its new normal and taking lessons learned during the pandemic to strengthen our business model and meet the evolving needs of the businesses we regulate. At the FY 2024 funding level, and in support of the Administration’s economic recovery and growth priorities, TTB plans to continue to focus on timely service levels and improving taxpayer experience by simplifying tax and regulatory requirements, modernizing online filing systems to improve the customer experience, and issuing clear and timely industry guidance to facilitate voluntary compliance.

Service remains a top priority, as delays to issuing permits or product approvals have financial consequences for the viability of businesses. At the FY 2024 funding level, TTB expects to maintain permit, label, and formula approval times within service standards. Further, TTB will ensure access to tax benefits available to alcohol producers and importers under the permanent craft beverage modernization tax provisions, including by issuing timely refunds on import claims. In FY 2024, TTB plans to take a data-driven and risk-based approach to administering the new import claims program. The budget request supports ongoing enhancements to new online registration and filing systems, as well as the necessary tax administration and enforcement staff to administer this program.

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers, consumers, or government effectiveness. In FY 2024, TTB plans to continue three major regulatory reform efforts in permitting, tax, and alcohol beverage labeling to consolidate, clarify, and simplify requirements and, where possible, minimize filing frequency. The revised requirements will ease burdens placed on new and existing businesses and make it easier to voluntarily comply. At the same time, TTB plans to tailor the requirements to improve data quality and better detect risk to direct enforcement efforts. Further, TTB will prioritize rulemaking to stimulate trade and market competition, including proposals that would expand information on alcohol beverage labels to provide greater transparency for consumers and alcohol producers.

At the FY 2024 funding level, TTB will continue to make critical investments in its online filing systems as part of its IT modernization strategy to develop an integrated online experience for all tax and regulatory transactions with TTB. By improving the ease and usability of its online platforms, TTB aims to increase electronic submissions, improve timely filings, and support taxpayer compliance. Reducing paper submissions also supports “green” filing practices in line with the Administration’s climate change agenda. Investments planned in FY 2024 focus on the initial phases of implementing simplified tax filings for all wineries, breweries, and distilleries, a priority focus for TTB, in its efforts to make compliance clearer and easier while addressing the fact that the industry still submits roughly half of all tax filings on paper.

TTB will also continue to focus on providing clear and consistent industry guidance to facilitate the submission of compliant filings in other areas. Omissions and errors on permit and alcohol label applications create inefficiencies for TTB and delays in service to industry. Undue delays in service can be a barrier to industry expansion and ongoing product innovation that fuel the economy. Further, to support these industries as they rebound post-pandemic, TTB plans to use compliance data to target and tailor its guidance, industry outreach, and enforcement activities, ensuring that businesses have the information they need to comply and are operating on a level playing field.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2022		FY 2023		FY 2024		FY 2023 to FY 2024	
	Operating Plan ¹		Operating Plan ¹		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Collect the Revenue	223	59,252	262	76,895	265	80,847	1%	5%
Protect the Public	238	68,815	265	71,968	265	74,757	0%	4%
Subtotal New Appropriated Resources	461	\$128,067	527	\$148,863	530	\$155,604	1%	5%
Other Resources								
Reimbursables and Offsetting Collections ²	12	8,533	11	9,690	11	9,690	0%	0%
Unobligated Balances from Prior Years ³	18	4,850	21	4,450	21	4,450	0%	0%
Transfer In/Out ⁴	0	821	0	0	0	0	NA	NA
Subtotal Other Resources	30	\$14,204	32	\$14,140	32	\$14,140	0%	0%
Total Budgetary Resources	491	\$142,271	559	\$163,003	562	\$169,744	1%	4%

^{1/} FY 2022 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 117-103, the Consolidated Appropriations Act, 2022. FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals. FY 2023 New Appropriated Resources by Budget Activity & FTE reflect levels appropriated in P.L. 117-328, the Consolidated Appropriations Act, 2023.

^{2/} Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund, Community Development Financial Institutions (CDFI) Fund along with offsetting collections from Puerto Rico Cover-Over Program.

^{3/} All years include carryover of prior two-year set-aside funding for trade practice enforcement and recoveries of 50 percent in unobligated balances from prior one-year funding.

^{4/} FY 2022 actual obligations include a transfer from TEOAF Strategic Support & Secretary's Enforcement Fund.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2023 Operating Plan	548	\$148,863
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$5,770
Pay Annualization (4.6% average pay raise)	0	\$1,038
Pay Raise (5.2% average pay raise)	0	\$3,560
Non-Pay	0	\$1,172
Subtotal Changes to Base	0	\$5,272
FY 2024 Current Services	548	\$154,633
Program Changes:		
Program Increases:	3	\$971
Taxpayer Experience & Administration	3	\$971
Subtotal Program Changes	3	\$971
FY 2024 President's Budget Request	551	\$155,604

Note: In addition to the amounts requested above, a total of \$2.5 million from the Cybersecurity Enhancement Account will be allocated to support TTB's Zero Trust Architecture.

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$5,770,000 / +0 FTE

Pay Annualization (4.6%) +\$1,038,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2% in FY 2024) +\$3,560,000 / +0 FTE

Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay (2.0% in FY 2024) +\$1,172,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases+\$971,000 / +3 FTE

Taxpayer Experience & Administration +\$971,000 / +3 FTE

TTB is requesting \$971 thousand and 3 FTE to invest in improvements to transform the TTB taxpayer experience and tax administration through simplified tax filings. Through a combination of tax expertise and customer engagement, TTB plans to initiate implementation of redesigned tax returns, reporting requirements, and system enhancements to reduce compliance burden and to streamline and improve data collections. This investment will make it easier for taxpayers to comply, especially for the small businesses who comprise the vast majority of TTB taxpayers and cannot afford compliance staff to support their operations.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2022	FY 2023	FY 2024
	Actual Obligations	Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	56,332	67,243	71,598
11.3 - Other than full-time permanent	483	22	0
11.5 - Other personnel compensation	1,339	1,089	1,094
11.5 - Overtime		612	615
11.9 - Personnel Compensation (Total)	58,154	68,966	73,308
12.0 - Personnel benefits	21,470	25,370	26,852
13.0 - Benefits for former personnel	482	0	5
Total Personnel and Compensation Benefits	\$80,106	\$94,336	\$100,164
21.0 - Travel and transportation of persons	1,249	1,611	1,650
22.0 - Transportation of things	29	34	34
23.1 - Rental payments to GSA	4,680	4,083	4,184
23.2 - Rental payments to others	10	4	0
23.3 - Communications, utilities, and miscellaneous charges	967	1,476	1,509
24.0 - Printing and reproduction	265	329	335
25.1 - Advisory and assistance services	13,529	21,846	22,380
25.2 - Other services from non-Federal sources	16,778	17,007	17,287
25.3 - Other goods and services from Federal sources	10,343	10,149	10,259
25.4 - Operation and maintenance of facilities	25	24	24
25.7 - Operation and maintenance of equipment	1,923	2,686	2,743
26.0 - Supplies and materials	363	402	411
31.0 - Equipment	6,433	3,885	4,001
32.0 - Land and structures	83	0	0
99.5 – Adjustment for rounding	1,002	0	0
Total Non-Personnel	\$57,679	\$63,535	\$64,818
Total Obligations ¹	\$137,785	\$157,871	\$164,983
Full-time Equivalent (FTE) ²	491	559	562

*Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

1/ FY 2022 reflects actual obligations totaling \$137.3 million, of which \$128.8 million was from direct resources (new appropriations, carryover from prior years, and a TEOAF transfer) and \$8.5 million was from reimbursable resources/offsetting collections. FY 2023 reflects anticipated obligations totaling \$157.9 million, of which \$148.5 million is from direct resources (new appropriations and carryover from prior years) and \$9.4 million is from reimbursable resources/offsetting collections. FY 2024 reflects anticipated obligations totaling \$165.0 million, of which \$155.3 million is from direct resources (new appropriations and carryover from prior years) and \$9.7 million is from reimbursable resources/offsetting collections.

2/ FY 2022 FTE reflects actual total FTE of 491, of which 479 FTE was from direct resources and 12 FTE was from reimbursable resources/offsetting collections. FY 2023 reflects anticipated total FTE of 559, of which 548 FTE is anticipated from direct resources and 11 FTE is anticipated from reimbursable resources/offsetting collections. FY 2024 reflects anticipated total FTE of 562, of which 551 FTE is anticipated from direct resources and 11 FTE is anticipated from reimbursable resources/offsetting collections.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU <i>Federal Funds</i></p> <p style="text-align: center;">SALARIES AND EXPENSES</p> <p>For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, [\$148,863,000]\$155,604,000; of which \$5,000,000 shall remain available until September 30, 2025; of which not to exceed \$6,000 shall be available for official reception and representation expenses; and of which not to exceed \$50,000 shall be available for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement[: <i>Provided</i>, That of the amount appropriated under this heading, \$5,000,000 shall remain available until September 20, 2025. (<i>Department of the Treasury Appropriations Act, 2023.</i>)</p>	<p>The 2024 Budget proposes \$5M in two-year funding to allow greater flexibility to use funds for all FAA Act/IRC enforcement activities that promote a level playing field for industry members.</p>

E – Legislative Proposals

TTB has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TTB is responsible for administering and enforcing the sections of the Internal Revenue Code of 1986 associated with the collection of excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of the alcohol beverage industry for the protection of U.S. consumers. TTB generally administers its jurisdiction according to five strategic goals that support U.S. economic growth and stability: 1) Business Qualification; 2) Labeling Modernization; 3) Tax Compliance; 4) Cross-Border Tax Risk; and 5) Workforce Readiness. TTB's strategic goal of Workforce Readiness underpins TTB's performance across all of its goals and objectives.

TTB's strategic goals to improve Tax Compliance and address Cross-Border Tax Risk ensure that the Federal government has the resources needed to fund national priorities through fair and effective administration and enforcement of tax laws. These efforts support Treasury's Strategic Objective 1.1: Tax Administration and Policy, which aims to enhance tax compliance and service, as well as improve tax policy design. The industries that TTB regulates have grown significantly in recent years, which presents taxpayer service and enforcement challenges, particularly in light of recent tax reform legislation. These reforms expanded TTB's tax mission to include a new import claims program. This new program requires additional investments in TTB to ensure businesses receive timely refunds for claims filed on imported alcohol beverage products and to prevent fraudulent claims. At the FY 2024 funding level, TTB will also continue its multiyear IT system modernization of outdated tax and regulatory systems to support efficient filing and processing. In addition, TTB plans to leverage technology to improve the TTB taxpayer experience and increase voluntary compliance, consistent with the Administration's priorities. IT modernization also facilitates data analytics to timely detect fraud, tax evasion, and critical compliance issues that undermine a level playing field.

TTB's strategic goals to enhance Business Qualification and implement Labeling Modernization ensure that lawful U.S. alcohol businesses are competitive and thriving in the global marketplace. These efforts support Treasury's Strategic Objective 1.3: Economically Resilient Communities by promoting economic recovery and growth for small businesses in communities across the country, including the thousands of breweries, wineries, and distilleries that TTB regulates. To this end, timely service remains a priority for TTB. As the demand for TTB services from these businesses continues to rise, and within the FY 2024 resources, TTB will aim to sustain improved service times for permit, label, and formula approvals. TTB will combine IT system modernization efforts with streamlined application requirements and enhanced guidance to achieve its performance goals for customer service. These strategies will help TTB maintain timely service by increasing the number of first-time approvals and reducing delays caused by extensive back-and-forth with industry members to correct application errors.

B – Budget and Performance by Budget Activity

2.1.1 – Collect the Revenue Resources and Measures

Dollars in Thousands

Resource Level	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Actual	Actual	Operating Plan	Request
Appropriated Resources	\$53,560	\$58,856	\$57,513	\$57,526	\$59,252	\$76,895	\$80,847
Reimbursable and Offsetting Collections	\$3,923	\$3,573	\$4,131	\$3,654	\$4,556	\$5,174	\$5,174
Unobligated Balances from Prior Years	\$112	\$214	\$98	\$77	\$135	\$125	\$125
Transfers In/Out	\$902	\$597	\$349	\$1,087	\$821	0	0
Budget Activity Total	\$58,497	\$63,240	\$62,091	\$62,344	\$64,763	\$82,194	\$86,146
Full-time Equivalent (FTE)	212	213	211	211	230	262	271

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Amount of Revenue Collected Per Program Dollar (\$)*	369	339	380	375	336	I	I	I
Voluntary Compliance from Large Taxpayers - Overall (%)	90	91	91	93	93	95	95	95
<i>By Payment</i>	99	99	99	99	99	-	-	-
<i>By Tax Return</i>	83	84	84	87	87	-	-	-
<i>By Operational Report</i>	82	83	83	87	86	-	-	-
Electronically Filed Tax Returns - Pay.gov (%)	37	41	43	47	51	50	65	65
Electronically Filed Operational Reports - Pay.gov (%)	42	46	50	53	56	50	65	65
Claims Processed within Service Standard (30-45 days) (%) ¹	35	18	46	59	58	85	85	85

Key: DISC - Discontinued; B - Baseline; I - Indicator

* Performance Indicators do not have a target

¹/ Claims services standards are set annually and vary by type: Manufacturer of Nonbeverage Products = 30 days; Other Claims = 45 days; CBMA Import Claims = TBD. Current standards account for when interest starts to accrue to the government, as defined by statute.

Collect the Revenue Budget and Performance

(\$80,847,000 from new direct appropriations, \$5,174,000 from reimbursable sources, and \$125,000 from unobligated balances from the prior year):

This budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the Federal tax code for alcohol, tobacco, firearms, and ammunition products. TTB collects approximately \$20 billion in federal tax revenue annually from a tax base of nearly 39,000 businesses based on their production and operations. TTB also issues approximately \$400 million in tax refunds and drawback payments on taxes paid by manufacturers of nonbeverage products. TTB's regulated taxpayers include distilleries, breweries, bonded wineries, bonded wine cellars, manufacturers of tobacco products, manufacturers of paper and tubes for tobacco products, and manufacturers and importers of firearms and ammunition.

Federal excise tax evasion in relation to alcohol and tobacco products is another core focus for TTB. The diversion of these products outside of legitimate commercial channels without the payment of taxes due threatens federal revenues, undermines fair competition, and provides a source of funding for criminal enterprises. TTB extends the reach of its enforcement resources through advanced analytics and risk-based audits and investigations. To ensure a level playing field for those engaged in the trade of these regulated commodities, TTB also takes appropriate enforcement action to detect and address tax evasion and fraud to ensure all products sold in the marketplace are properly taxpaid.

Other Resources.....	\$5,299,000
<i>Unobligated Balances from the Prior Year.....</i>	<i>\$125,000</i>
<i>Offsetting Collections/Reimbursables.....</i>	<i>\$5,174,000</i>

Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of TTB’s Puerto Rico field office, which are offset against the roughly \$414 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the United States; reimbursement from Community Development Financial Institution (CDFI) for IT services provided by TTB; and funding from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund to cover investigative expenses, data systems, and training.

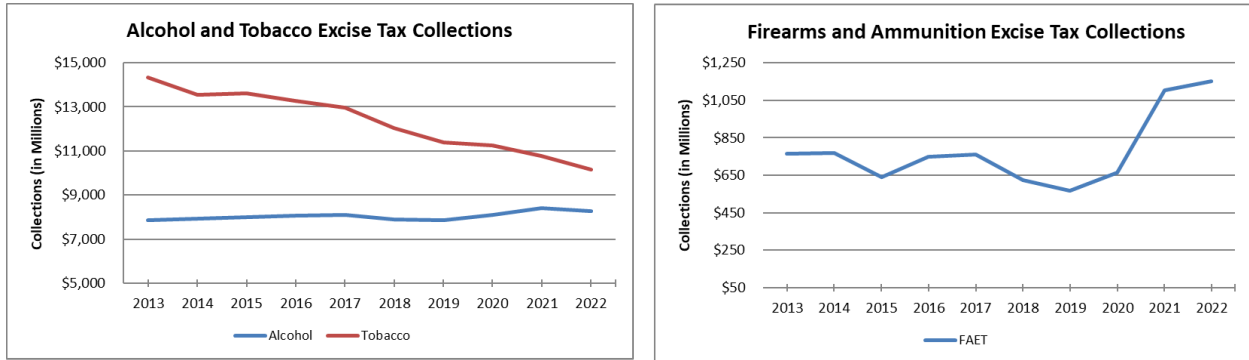
Description of Performance:

TTB combines measures and indicators to demonstrate the effectiveness and efficiency with which TTB operates its tax administration function, including through facilitating voluntary compliance as well as field enforcement efforts to address critical threats to Federal revenues. Through FY 2024, TTB plans to improve tax compliance by updating its tax filings, processes, and technologies; enhancing its capacity to timely identify and address non-compliance through analytics and other detection tools; and continuing to improve taxpayer education and outreach.

The *Amount of Revenue Collected per Program Dollar* indicator uses annual collections figures and the actual expenditures and obligations for collection activities to quantify the efficiency of the TTB tax collection program. In FY 2022, TTB achieved a return on investment of \$336 for every program dollar spent on collection activities, down from \$375 in FY 2021.

In FY 2022, Federal tax revenue from the alcohol and tobacco industries decreased year-to-year. Tobacco collections continued to steadily decline, down another 6 percent in FY 2022, in line with shifts in consumption and market patterns. Alcohol collections also trended down 2 percent, likely due to supply chain and other operational challenges for industry members. Firearms and ammunition excise tax collections, which represent a small percentage of total collections continued to trend up, increasing another 6 percent, and nearly doubling over the past five years. At the same time, TTB’s tax administration and enforcement costs have generally returned to historic levels over the past two years, as TTB resumed in-person enforcement and outreach activities. TTB received funding in FY 2023 to implement and administer the CBMA import provisions, and the FY 2024 funding level will enable TTB to sustain ongoing program and service improvements.

Going forward, TTB will continue to monitor its return on investment for its Collect the Revenue activities as a key indicator; however, results will depend on several external factors, including market and consumption trends, as well as the duration and impact of inflationary pressures on TTB-regulated industries.



Fostering voluntary compliance among taxpayers is a primary tax administration strategy for TTB. The *Percent of Voluntary Compliance from Large Taxpayers* is a key performance measure that shows the rate of compliance by large taxpayers (i.e., those that pay more than \$50,000 in annual taxes) in voluntarily filing their required tax returns, operational reports, and payments on or before the scheduled due date. TTB uses its tax compliance data to improve the Bureau’s ability to rate and prioritize taxpayers based on relative risk to ensure TTB addresses the most serious instances and patterns of non-compliance.

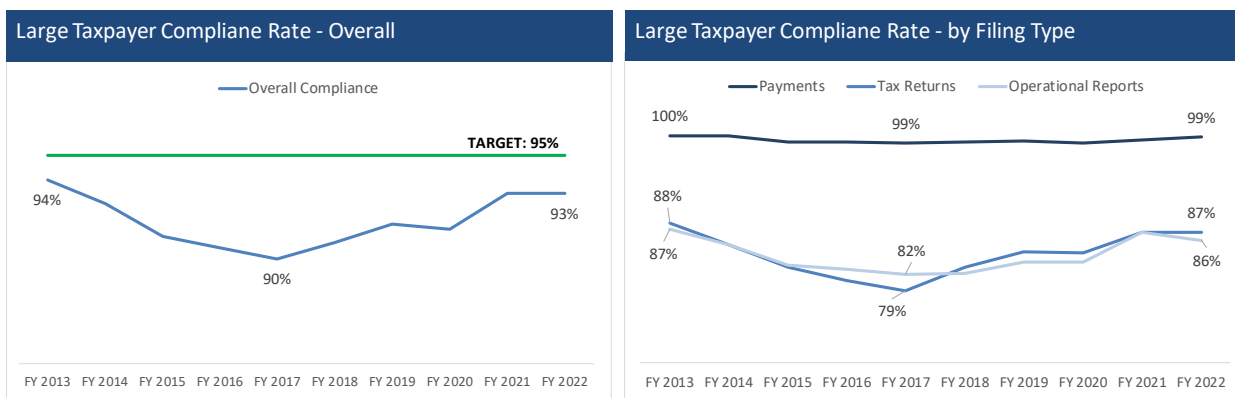
To ensure adequate protection of Federal tax revenue, TTB established a high standard for its largest taxpayers, with a targeted filing compliance rate of 95 percent. In FY 2022, TTB achieved an overall compliance rate of 93 percent from its large taxpayers in meeting all tax filing requirements, sustaining progress achieved last year. The overall compliance rate has increased from 90 percent in FY 2018 due to strategic program improvements. Payment compliance rates remain high at more than 99 percent, indicating that the majority of reported liabilities were paid on time. Compliance rates for tax returns remained at 87 percent in FY 2022 and operational reports dipped slightly to 86 percent, warranting continued focus on these filing requirements in the year ahead.

As the taxpayer universe grows, and workloads increase, TTB has faced resource challenges in maintaining industry compliance. Over time, with limited resources, TTB outreach efforts to educate industry members on tax requirements have also decreased. More recently, TTB has also faced competing enforcement priorities, including renewed efforts to address illicit trade practice activity in the alcohol industry, with directed funding for this purpose enacted in TTB’s appropriations since FY 2017. Since then, TTB has increased its trade practice enforcement to address anti-competitive conduct as well as expanded its industry outreach and education in this area so that businesses understand their obligations and can voluntarily comply.

In FY 2022, to improve tax oversight, TTB refined analytics tools and internal procedures to address identified non-compliance. By partnering its tax experts with its analytics team, TTB continued to enhance new dashboard views of taxpayer compliance scores, including summary

and detailed information about each compliance factor (i.e., late/missing returns, late/missing reports, late payments, and underpayments). Based on these scores, TTB used streamlined procedures for reconciling taxpayer accounts and issuing assessments. At the same time, TTB continued to improve its coordination of taxpayer referrals for field audits to address serious non-compliance issues that undermine the level playing field. These policy and process improvements proved effective and resulted in identified tax liabilities of \$89.3 million and \$45.3 million in collections during the last two years.

At the FY 2024 funding level, improving compliance rates will remain a priority for TTB. Plans include continuing TTB’s risk-based reviews of taxpayer accounts, with a focus on continued enhancements to analytics tools and expanding analysis into additional taxpayer segments. Over the next several years, TTB also plans to improve its education and outreach strategies to drive compliant behavior across TTB taxpayers, using compliance data to direct its annual outreach plan as well as to prioritize the development of new online tax guidance. These strategies will prove critical to supporting and increasing compliance by the thousands of small businesses that TTB regulates.



Overall compliance trended down in the first part of the past decade – from 94% in FY 13 to 90% in FY 17. Recent enforcement efforts have increased overall taxpayer compliance to 93% in FY 22. Sustaining these improvements requires enhanced technology and increased guidance to support voluntary compliance by the increased number of TTB taxpayers.

Compliance with tax payment remains high; however, lower compliance scores for required tax returns and operational reports pose challenges to verifying the taxes paid. In addition to IT and guidance improvements, at the FY 2024 funding level, TTB plans to streamline its tax requirements to minimize filing burden and support voluntary compliance.

TTB continues to emphasize external communication strategies to improve tax compliance. Given that TTB.gov remains the Bureau’s primary industry resource for tax guidance, improvements to online tax resources continue to be a priority.

In FY 2022, TTB continued to expand its outreach efforts and opportunities, delivering a number of presentations and training sessions both remotely and in-person, including commodity-focused *Boot Camps* to improve industry compliance with tax and regulatory requirements. TTB also staffed booths at a number of trade conferences, providing real-time answers to questions from industry members. Going forward, TTB will continue to maximize virtual options to conduct industry training and outreach, along with in-person conference attendance.

At the FY 2024 funding level, TTB plans to focus on strategic communications, using customer feedback and user testing to help prioritize and design effective and evidence-based web guidance and industry educational materials. TTB also plans to increase and improve tax guidance on TTB.gov, a priority area that has been delayed due to competing program priorities. In addition, with the permanent enactment of the CBMA provisions, TTB will continue to update its online guidance to provide current information on rules and requirements, informed by common taxpayer questions. These efforts will include outreach to importers, Customs brokers, and relevant trade associations to support understanding and compliance with new import refund requirements to facilitate timely processing.

TTB will also focus on increasing tax compliance by developing an improved and integrated online taxpayer experience, supported by the FY 2024 budget request. Today, TTB relies on Pay.gov, a Bureau of the Fiscal Service system designed for government payments, for the electronic filing of tax returns and operational reports. TTB's two measures to monitor the *Electronic Filing Rates for Tax Returns and Operational Reports in Pay.gov* support ongoing efforts to reduce paper tax filings.

E-filing rates for tax returns and operational reports trended positively in FY 2022, but remain low compared to other TTB e-filing systems. TTB ended the year at 51 percent of tax returns and 56 percent of operational reports submitted electronically, exceeding the annual target of 50 percent for both filing types for the first time. Even though TTB exceeded its target, these low rates impede TTB's ability to timely and effectively detect and address non-compliance and add costs to making the data available for routine reconciliation or advanced analytics. In FY 2022, TTB worked with BFS to implement a self-enrollment process for new Pay.gov users, eliminating a time-consuming registration process that previously deterred users. Enrollment rates have nearly doubled in the six months since implementing this change, contributing to the progress achieved in FY 2022. Additional Pay.gov promotion should result in increased e-filing rates, although more significant tax system modernization is likely required for TTB to achieve its long-term target of 80 percent.

Going forward, as part of its IT modernization efforts, TTB intends to implement phased releases to its tax system, including a custom external interface for electronic tax filings and account management, as well as enhanced internal workflows to support TTB tax administration. At the FY 2024 funding level, these efforts will focus on implementing redesigned tax filing requirements to reduce compliance burden and to streamline and improve data collections. This investment will make it easier for taxpayers to comply, especially for the many small businesses that comprise the vast majority of TTB taxpayers.

In FY 2022, TTB continued to focus its IT development efforts on claims to improve existing claims processes as well as prepare to administer the new CBMA import claims program beginning in FY 2023. TTB measures its service levels through its measure of *Claims Processed within Service Standards*, with service standards of 30 or 45 days depending on claim type. For the majority of claims types, TTB met the 45-day service standard for 69 percent of submissions; however, for claims submitted by manufacturers of non-beverage products (MNBP), the highest volume claim type, TTB only met the 30-day standard for 46 percent of submissions. This year, TTB deployed enhancements to its existing module to support timely processing of MNBP

claims. These improvements helped to reduce backlogs and increase MNBPA claims meeting the 30-day service standard from 30 percent or less in the first six months of FY 2022 to approximately 70 percent or more in the last six months of the year. In addition, TTB initiated development of a new module to enable industry to file claims online, which will replace the web form deployed as an interim solution at the pandemic onset.

At the FY 2024 funding level, TTB will also continue to deploy enhancements to two systems to administer CBMA import claims – Foreign Producer Registration/Assignment and Import Claims Submission/Processing – including associated data and usability improvements to facilitate implementation of the statute. Both systems incorporate external data sets to validate registrants and eligibility for refunds, critical features to prevent ineligible or fraudulent claims. TTB plans to continue to enhance system-based validations to support effective and efficient claims processing, and ensure that TTB maintains timely service despite the influx of new claims beginning in FY 2023, which TTB expects to nearly double the current number of claims submitted to TTB.

Effective tax administration also requires modernized systems to facilitate TTB’s data-informed approach to monitoring compliance and timely identifying potential tax evasion – which is even more critical in light of recent tax reforms. At present, resource-intensive manual analysis and reconciliation of multiple reports and returns by specialists, auditors, and investigators, in combination with other data sources, are required to detect and address high-risk activity. In FY 2024, and at the requested funding level, TTB plans to enhance its IT systems and analytics tools to facilitate TTB’s use of tax information to more effectively target its resources to suspected evasion schemes.

2.1.2 – Protect the Public Resources and Measures

Dollars in Thousands

Resource Level	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Actual	Actual	Operating Plan	Request
Appropriated Resources	\$57,879	\$60,744	\$62,087	\$66,811	\$68,815	\$71,968	\$74,757
Reimbursable and Offsetting Collections	\$2,366	\$2,666	\$2,613	\$3,418	\$3,977	\$4,516	\$4,516
Unobligated Balances in Prior Years	\$4,166	\$4,865	\$4,479	\$4,534	\$4,716	\$4,325	\$4,325
Transfers In/Out	\$87	0	0	0	0	0	0
Budget Activity Total	\$64,498	\$68,275	\$69,179	\$74,763	\$77,508	\$80,809	\$83,598
Full-time Equivalents (FTE)	273	282	284	290	261	291	291

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Permit Applications Processed within Service Standards (Original - 75 days) (%)	71	58	84	92	91	85	85	85
Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) (%) ¹	84	48	83	92	93	85	85	85
Initial Error Rate for Permit Applications	78	71	62	67	64	25	25	25
Initial Error Rate for Label and Formula Applications	40	37	34	31	29	25	25	25
Electronically Filed Permit Applications - Original (%)	87	89	92	95	95	95	95	95
Electronically Filed Permit Applications - Amendments (%) (NEW) ²			85	83	79	90	90	90
Electronically Filed Label and Formula Applications (%) *	98	99	99	100	100	I	I	I
Customer Satisfaction Rate with eGov Systems - Permits Online	77	68	78	79	78	80	80	80
Customer Satisfaction Rate with eGov Systems - COLAs Online	81	77	80	83	83	80	80	80
Customer Satisfaction Rate with eGov Systems - Formulas Online ³	79	70	73	80	78	80	80	80

Key: DISC - Discontinued; B - Baseline; I - Indicator

*Performance Indicators do not have a target

1/ Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. In FY 2018, following a spike in submission volume, TTB set service standards of 15 days for both label and formula applications. TTB has maintained this standard through FY 2024.

2/ Results represent amendment submissions, with multiple permit amendment types often submitted on a single submission; the ability to submit multiple amendments via a single submission took effect in Q4 FY 2019.

3/ Results represent beverage alcohol filers only (nonbeverage alcohol formula submissions are excluded).

Protect the Public Budget and Performance

(\$74,757,000 from new direct appropriations, \$4,325,000 from unobligated balances from the prior year, and \$4,516,000 from reimbursable sources):

This budget activity funds the programs that ensure the integrity of the products and industry members in the marketplace; promote compliance with Federal laws and regulations by more than 119,000 alcohol and tobacco businesses that TTB regulates; facilitate fair and lawful domestic and international trade in the alcohol and tobacco commodities; and provide full and

accurate alcohol beverage product information to the public as a means to prevent consumer deception.

Other Resources.....	\$8,841,000
<i>Unobligated Balances from the Prior Year.....</i>	<i>\$4,325,000</i>
<i>Offsetting Collections/Reimbursables.....</i>	<i>\$4,516,000</i>

Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of the TTB Puerto Rico field office, which are offset against the roughly \$414 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the United States; reimbursement from CDFI for IT services provided by TTB; and funding from the TEOAF Mandatory Fund to cover investigative expenses, data systems, and training.

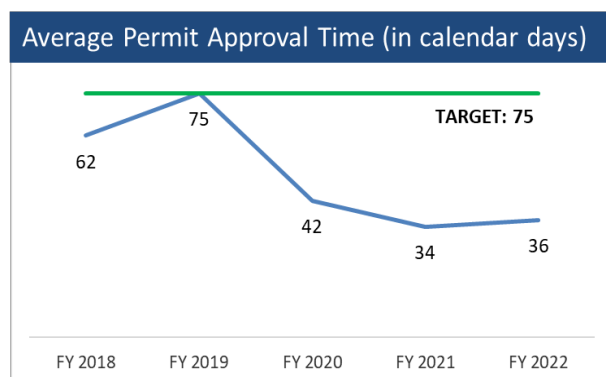
Description of Performance:

TTB uses a combination of measures to monitor the degree to which the bureau is improving industry services and customer experience through meeting its established service standards for permit, label, and formula applications; reducing error rates on applications to address processing delays caused by incomplete or non-compliant submissions; and increasing the user satisfaction rates with TTB’s online systems. TTB’s strategies to achieve its performance targets for these measures include a combination of improving internal processes, streamlining application requirements, modernizing IT systems, and providing clearer guidance to industry members.

TTB protects Federal revenues and U.S. consumers by screening permit applications and registrations to ensure only qualified persons engage in the alcohol and tobacco industries. TTB’s strategic goal to improve its business qualification program calls for TTB to streamline permit applications to reduce applicant burden and make effective use of technology to minimize application errors and improve processing times.

TTB monitors its timeliness in processing permit applications through its measure of the *Percentage of Permit Applications Processed within Service Standards*. As businesses rely on accurate information related to TTB service delivery in their operational planning, this measure provides important data related to a key outcome for TTB and its stakeholders.

High submission volume, particularly in the more complex permit application types related to producing alcohol beverage products, continues to present service challenges. TTB has maintained a priority focus on timely approvals, recognizing the financial consequence of delays on applicants, many of whom make significant upfront investments prior to applying. TTB established a priority performance goal in FY 2018 to improve the timeliness and consistency of service levels by reducing average processing times for new permit applications by 20 percent and achieving its service standard for 85 percent of applicants.



Since establishing this priority goal, TTB has achieved and sustained significant improvements in its service levels for permitting. Average approval times are now 36 days, sustaining progress achieved last year, and a reduction of more than 60 percent since this goal was established. This year, TTB also demonstrated its ability to provide consistent service – the second part of its priority goal. In FY 2022, TTB again surpassed its target to achieve the 75-day service standard for 85 percent of permit applicants, ending the year at 91 percent.

These performance gains are in part due to TTB's improved management of in-process permit applications, employing dashboards that display key metrics on the status and age of applications to proactively identify and address any processing delays. TTB also continues to cross-train specialists to allow management to redeploy staff as necessary to cover fluctuations in application types.

Sustaining these performance improvements will require continued progress on several crosscutting initiatives. Going forward, TTB plans to achieve its performance target through ongoing process improvements and updates to its permit applications to simplify and streamline requirements. At the FY 2024 requested funding level, TTB will also continue its IT modernization efforts to improve the customer experience with Permits Online, including enhanced guidance and self-service features to help applicants submit compliant applications.

TTB will also continue to improve its procedures to screen permit applicants, refining the risk criteria, tools, and processes used to vet applicants for suitability to hold a Federal permit. TTB will use the results of its field investigations to inform its risk factors to improve the timeliness and effectiveness of its business qualification process.

TTB measures the *Initial Error Rate on Permit Applications* to track how many applications are submitted either incomplete or with errors. These results inform strategies to maintain timely service by increasing the number of first-time permit application approvals. Errors on applications increase the overall workload volume, requiring extensive back-and-forth with applicants to verify the information provided, which adds to the total processing time.

TTB's ability to meet its service standard for new permit applications continues to be hindered by high error rates on submissions, which reached over 80 percent in prior years. Error rates are highest for prospective breweries, wineries, and distilleries, which have more complex applications compared to non-manufacturers (i.e., wholesalers and importers). In FY 2022, TTB reduced error rates on new permit applications to 64 percent, down from 67 percent in FY 2021. The most significant improvement has been achieved on wholesaler and importer applications, with error rates decreasing another five percent, and down a total of 30 percent since FY 2018. Over the last five years, TTB has reduced total permit application errors by approximately 15 percent, indicating that efforts to streamline applications and processes are resulting in sustained improvements.

To meet its permitting performance goals, TTB will continue to focus on reducing errors on permit applications that delay processing and frustrate applicants. The Bureau expects

significant progress in the next few years as it continues to simplify permit requirements and improve IT systems to make filing easier. In FY 2022, TTB fully implemented a new business process for returning permit applications for corrections. Previously, the Permits Online filing system did not allow an applicant to add or correct application information after it was submitted. Instead, it was handled via email exchange between the TTB specialist and applicant, creating processing inefficiencies and limiting effective oversight of in-process applications.

In FY 2022, TTB implemented an IT enhancement to enable incomplete applications to be returned and corrected by the submitter within Permits Online. This new functionality provides valuable data on frequent errors, which TTB is using to direct plans for improved online guidance and system support. TTB is also using the information to ensure consistency in its own reviews. At the FY 2024 funding level, TTB will continue monitoring customer feedback to support ongoing process and system enhancements.

Additionally, TTB's call center will focus on improving the level of service provided to customers seeking live assistance with the permit application process. TTB plans to use call center data to understand customer pain points to develop effective guidance and support strategic system enhancements to improve the overall customer experience with TTB services.

According to its measure of the *Percent of Electronically Filed Permit Applications*, which tracks the electronic filing rate for new business applications, TTB received 95 percent of permit applications via Permits Online in FY 2022. TTB attributes the high rate of electronic filing to recent improvements in Permits Online as well as ongoing system promotion at industry conferences and seminars. More recently, TTB introduced a new measure for the *Percent of Electronically Filed Permit Applications – Amendments* to provide similar visibility into electronic filing rates for applications to amend an existing TTB permit, a requirement following certain changes to a business premises, operations, and/or ownership. These submissions represent both a critical service to existing industry members and a significant workload for TTB, with roughly 16,000 amendments filed annually. Future IT modernization efforts, combined with improved online guidance to help first-time filers navigate the application process, will support TTB in achieving its targets to sustain electronic filing rates at or above 95 percent for original permits and 90 percent for permit amendments, as well as support efforts to reduce error rates on permit applications to 25 percent.

As part of its strategy to optimize electronic filing systems, TTB measures *Customer Satisfaction with the Permits Online eGov System* through an email survey to assess how satisfied businesses are in applying for a permit or registration through Permits Online. In FY 2022, TTB achieved a system satisfaction rate of 78 percent, down slightly compared to last year, and holding just below the 80 percent target. Notably, satisfaction continues to rise and fall in line with permit approval times, demonstrating a strong correlation between service levels and system satisfaction.

TTB expects system satisfaction to improve as it initiates broader modernization efforts to provide applicants with a single integrated online filing experience. However, system satisfaction in Permits Online may continue to lag behind other TTB systems, as the Bureau

expects to continue to face tradeoffs in IT modernization priorities due to competing needs related to tax administration.

Broader changes to TTB's permit application requirements, some of which require rulemaking, are also underway. The proposed changes are informed by industry input on Treasury regulations that can be eliminated, modified, or streamlined to reduce burden. These changes will enable TTB to achieve and sustain its targeted performance levels in FY 2024, particularly as the alcohol beverage industry continues to grow.

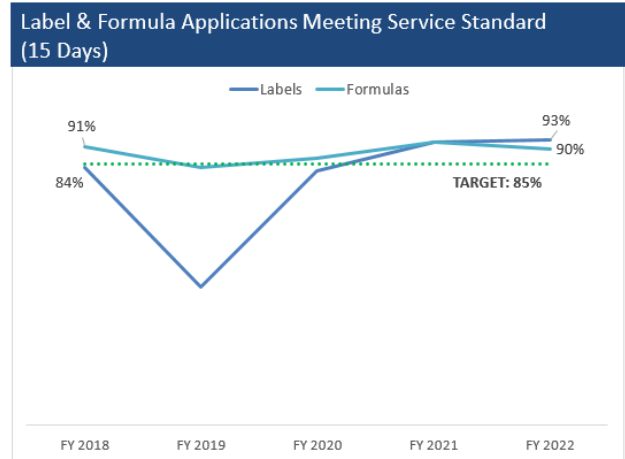
In FY 2022, TTB made significant progress in its regulatory modernization efforts. TTB published the first in its series of proposed rulemakings to simplify permit applications in early FY 2022, starting with distilled spirits plants, followed by a proposed rule to simplify the brewer's notice process in June 2022. In the year ahead, TTB plans to issue Final Rules for distilled spirits and brewer applications, and publish proposed rulemaking for winery applications. The proposed changes should dramatically decrease the number of open text fields and requirements to upload supporting documentation, thereby streamlining the permit application experience and reducing burden on applicants. TTB also expects that simplifying and clarifying these regulatory requirements will reduce errors on permit applications and contribute to improved approval times in the years ahead.

TTB also protects U.S. consumers by ensuring that alcohol beverage products sold are properly labeled and comply with Federal regulatory standards. TTB's strategic goal to modernize its labeling program calls for the Bureau to provide timely and consistent service, reducing the burden of resubmissions on industry and TTB, and to employ risk-based market sampling and investigations to ensure product integrity and fair competition.

In FY 2022, TTB received nearly 193,000 label and 27,000 formula applications for new alcohol beverage products. Given the importance of timely TTB approvals and the negative impact that delays have on U.S. businesses, TTB monitors its ability to provide timely and consistent service through its measure of the *Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards*. TTB combines label and formula applications in this measure given the interdependent nature of these approvals.

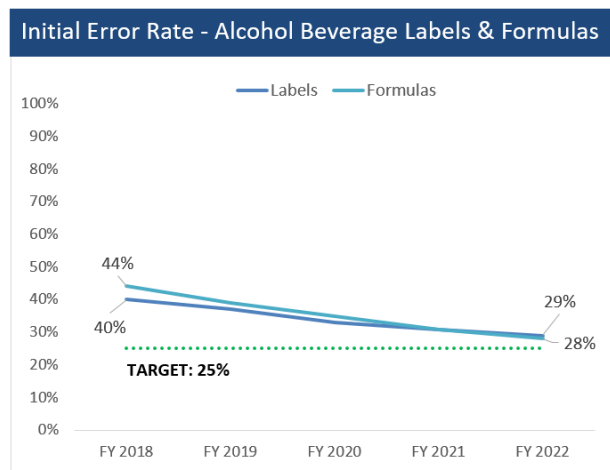
Label and formula submission volume remains high, reflecting industry expansion and product innovation over the last five years. COVID-19 temporarily halted the growth in label applications in FY 2020. Submissions rebounded to near pre-pandemic levels in FY 2021; however, these signals of industry recovery slowed in FY 2022, with total label applications down roughly one percent. Likewise, after years of double-digit growth, formula applications decreased for the first time in FY 2022, down over five percent compared to last year. The exception to this trend was distilled spirits submissions, with both label and formula applications continuing to increase in FY 2022, although at a more modest rate. Even so, industry has demonstrated resilience and continued to innovate through the pandemic, with total formula submissions remaining more than 70 percent higher than FY 2018, due to the use of novel ingredients and market trends toward flavored products.

In light of customer expectations, and supported by set-aside funding again enacted in the FY 2022 budget to accelerate approval times, TTB maintained a 15-day service standard for alcohol beverage label and formula applications in FY 2022. TTB ended the year at 93 percent of label applications meeting the 15-day standard, exceeding the target of 85 percent. This was achieved through effective monitoring and management of the application backlog combined with strategic workforce management to efficiently deploy staff in response to submission fluctuations. By employing similar strategies, TTB was also able to overcome significant staffing shortages in its formulation office and exceed the targeted performance level, ending the year at 90 percent of formula applications meeting the 15-day standard. By year-end, label and formula applicants received approvals in less than 10 days on average, well below the 15-day standard, and a significant improvement over the 30 - 45 day standards that the Bureau set and struggled to achieve in the past.



TTB expects performance to continue to trend positively through FY 2024 through continuous queue management and strategic resource alignment. As a result, TTB intends to maintain its 15-day service standard for label and formula applications. TTB will also work toward its performance target of meeting this standard for 85 percent of applications through initiatives to modernize IT systems and guidance, with particular focus on reducing errors on applications that increase total workload and challenge timely processing.

Application errors are a key driver of label and formula processing times due to the additional review required for each resubmitted application. TTB uses its measure of the *Initial Error Rate of Label and Formula Applications* to monitor error trends and evaluate the effect of system and guidance enhancements on first-time approvals. In FY 2022, approximately 29 percent of label and formula applications were submitted incomplete or with errors, demonstrating continued year-to-year progress toward the targeted performance level of 25 percent. TTB made gains across commodity and application types and, notably, ended the fiscal year at target for wine labels and below target for wine, malt beverage, and distilled spirits formulas, proving the ongoing effectiveness of prior year strategies that focused on reducing wine label and formula errors.



In FY 2022, TTB continued to use a data-driven strategy to address the most frequent application errors, with the goal of increasing the number of applications that do not need to be returned for correction. Distilled spirits and malt beverage submissions continue to have the highest error rates. This year, TTB focused on improving industry outreach and education, including guidance on TTB.gov. TTB launched its *TTB Boot Camp* webinar series in FY 2022, starting with distillers, which includes compliance guidance on various topics, including labeling. In the year ahead, TTB plans to expand its series to include other commodities.

TTB also continues to make progress in issuing improved guidance on TTB.gov for each alcohol beverage commodity. This includes detailed examples of compliant label and formula submissions by commodity as well as web-based tools to make it easier for industry members to determine if their products require TTB formula approval prior to filing a label – a high frequency error. Going forward, TTB intends to further reduce error rates by integrating industry guidance available on TTB.gov into its online systems. Once complete, TTB will have completely refreshed its core labeling guidance in an easy-to-read, user-friendly format to help improve compliant label submissions and reduce the burden of resubmissions on TTB and industry.

In recent years, to help address processing delays, TTB has implemented risk-based policy changes to reduce the volume of label and formula applications without compromising TTB's market protection role. These changes temporarily reduced the volume of label and formula submissions; however, industry growth combined with market trends toward products that require formula approval have resulted in increased submissions that offset these reductions in recent years. Going forward, TTB will continue to focus on its strategy to reduce total workload volume by addressing errors on label and formula applications, as these errors require TTB to re-review submissions and delay timely approvals.

In FY 2022, TTB also made further progress on its initiative to modernize Federal alcohol beverage labeling regulations to reflect current TTB policy and modern industry practices. When finalized, the updated regulations will facilitate industry compliance by simplifying and clarifying regulatory standards, incorporating guidance documents and other current policies into the regulations, and reducing regulatory burden on industry members where possible.

To date, TTB has published two final rules in its phased labeling modernization rulemaking, starting in FY 2020 with new rules that reflect areas of broad consensus and industry support, and in FY 2022 addressing malt beverages, distilled spirits, and certain crosscutting labeling issues. TTB has also focused on updating industry guidance on TTB.gov to implement the new regulatory requirements and aid industry compliance. In addition, TTB continues to prioritize internal training to improve the quality of its reviews and ensure determinations on label and formula applications are consistent with current policies and regulations.

Going forward, TTB plans to initiate the last final rule to address wine-specific issues and advertising for all commodities. With this final phase, TTB will also make clear which topics will be reserved for future rulemaking and close other issues that we do not plan to pursue.

Additionally, TTB continues to pursue regulatory modernization that will further stimulate trade and market competition. Executive Order 14036, “Promoting Competition in the American Economy,” and Treasury’s related February 2022 report “Competition in the Markets for Beer, Wine, and Spirits,” seek to address market conditions and practices that hinder competition and act as a barrier to new entrants. In line with Treasury report recommendations, TTB published an advanced notice of proposed rulemaking in November 2022 to evaluate current trade practice regulations. Treasury report recommendations also include TTB rulemaking on Alcohol Facts Labeling (akin to food nutritional labels), Allergen Labeling, and Ingredient Labeling, which TTB plans to pursue in the year ahead.

Sustaining service levels will also be supported through ongoing enhancements to TTB’s eGov systems. Over the last several years, TTB has deployed system enhancements to COLAs Online and Formulas Online, focusing its efforts on compliance validations and embedded help features to address frequent application errors. These system releases have targeted both application errors (e.g., incomplete form fields) and label compliance errors (e.g., use of prohibited terms or images). FY 2022 results indicate that the changes implemented to date have proven effective, with error rates for label and formula applications down 2 percent overall compared to last year, and over 11 percent since FY 2018.

To be successful in this strategy, TTB must maintain high rates of electronic filing for label and formula applications. According to its measure of the *Percent of Electronically Filed Label and Formula Applications*, TTB now receives nearly 100 percent of applications via COLAs Online and Formulas Online, indicating that continued focus on system validations is warranted and will support performance goals in increasing accurate applications and accelerating approval times.

In FY 2022, through its IT system modernization efforts, TTB expanded and improved system-based validations. These efforts included an enhancement to prevent the submission of label applications with low quality images. Problems with image legibility are among the top errors on label applications, and the system now flags low-resolution images so an applicant can address the error before they submit. Since implementing this enhancement, TTB has reduced this error type by as much as 70 percent. In FY 2022, TTB also continued testing artificial intelligence techniques to detect text and image errors on label applications, with the goal of alerting users to certain types of errors prior to submitting an application. Legacy systems limit current opportunities to implement broader validations, but TTB plans to continue evaluating technical solutions to prevent submissions with errors as it modernizes its IT systems. As part of the myTTB initiative, and at the FY 2024 funding level, TTB will also employ user testing and feedback to make iterative enhancements to COLAs Online and Formulas Online to reduce application errors.

Through its measures of *Customer Satisfaction with COLAs Online and Formulas Online*, TTB monitors user satisfaction with the process of submitting an application through its eGov systems, collecting responses via e-mail survey to assess factors such as ease of access, guidance, and overall experience. In FY 2022, satisfaction rates held at 83 percent for COLAs Online users, exceeding the 80 percent performance target; however, satisfaction rates declined from 80 percent to 78 percent for Formulas Online users. System satisfaction rates track closely to approval times, and TTB anticipates that performance will improve through FY 2023 in line

with timely service levels. Further, and at the FY 2024 funding level, TTB expects that future system improvements and regular review of survey feedback will help TTB continue to exceed its user satisfaction target of 80 percent and attract users to its online systems to maintain high electronic filing rates.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. Electronically Filed Permit Applications – Amendments (new measure)	TTB proposes to add a performance measure on the electronic filing rate of applications to amend a Federal permit or registration. The data will come from Permits Online, TTB’s current online filing system for permit applications. This measure provides information on system use for this critical industry service and aids in monitoring the efficiency of program operations.

Section III – Additional Information

A – Summary of Capital Investments

Information Technology

TTB’s Strategic Plan establishes the vision and objectives for the bureau in the business context. TTB’s Information Technology (IT) Strategic Plan is a five-year plan based on its business strategy, which includes the bureau’s mission, vision, goals, and objectives from an IT perspective. This plan charts the course the bureau will follow in the coming years to develop and implement IT solutions that are aimed at streamlining the collection of data, leveraging web technologies, and continuing to make the internet the method of choice for the reporting and exchanging of information between businesses and TTB. By aligning business and technical strategy, TTB is able to leverage technology to enable the bureau to meet its objectives in the most efficient and cost-effective manner while identifying ways to minimize system redundancy.

TTB has no major IT investments based on the OMB and the Department of Treasury criteria. Several non-major investments, however, directly support the mission, strategy, and day-to-day operations of the bureau. These include:

TTB Mission Investments:

- **TTB Tax System:** This investment includes several legacy applications and new myTTB modules supporting permitting and taxation to ensure fair and proper collection of alcohol, tobacco, firearms, and ammunition excise taxes, as well as industry compliance with excise tax laws and regulations.
- **TTB Regulatory System:** This investment includes legacy applications and myTTB regulatory modules that streamline the beverage and nonbeverage alcohol formula approval process and COLA issuance for tax and regulatory compliance.
- **TTB Mission Applications Support Services (MASS):** This investment provides shared software, platforms, and myTTB modules needed to operate the TTB mission systems (TTB Tax System and TTB Regulatory System).

TTB Standard Information Technology (IT) Investments: According to [CIRCULAR NO. A-11 PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET](#), “standard IT investments are expenditures of IT resources that include, but are not limited to, commonly used enterprise-wide information systems and services, computing infrastructure, and other technology services and applications that are commonly used across agencies.” The following investments support TTB and CDFI Fund’s common IT resources/standard IT investments:

- **TTB IT Infrastructure Data Center and Cloud**
- **TTB IT Infrastructure End User Systems and Support**
- **TTB IT Infrastructure Network**
- **TTB IT Security and Compliance Program**
- **TTB IT Management**

In addition to leveraging IT to support the mission, strategy, and day-to-day operations of the bureau, TTB supports and maintains strategy alignment with OMB and Treasury through enterprise-wide IT initiatives. These include Cyber Security; IT Infrastructure; Electronic Identity and Access Management (HSPD-12); Enterprise-wide Contracts and Services; and Program Metrics and Milestones.

Scientific Equipment for Laboratories

This investment will enable TTB’s chemists to continue to provide accurate and reproducible scientific data and laboratory results to support regulatory compliance, tax enforcement, tax classification, rulemaking, and investigations for both the alcohol and tobacco commodities. Laboratory instruments require periodic replacement, as they have finite lifecycles due to use and as advances in scientific technology render older instruments obsolete. Periodic replacement of the existing technologies and equipment is essential for TTB laboratories to remain state-of-the-art and effective to support the bureau’s mission, strategy, and day-to-day operations.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:

<https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>.