§ 19.62 Alternate methods or procedures.
The proprietor, on specific approval by the appropriate TTB officer as provided in this paragraph, may use an alternate method or procedure in lieu of a method or procedure specifically prescribed in this part. The appropriate TTB officer may approve an alternate method or procedure, subject to stated conditions, when he finds that—
(a) Good cause has been shown for the use of the alternate method or procedure;
(b) The alternate method or procedure is within the purpose of, and consistent with, the specifically prescribed method or procedure, and affords equivalent security to the revenue; and
(c) The alternate method or procedure will not be contrary to any provision of law, and will not result in an increase in cost to the Government or hinder the effective administration of this part. No alternate method or procedure relating to the giving of any bond or to the assessment, payment, or collection of tax, shall be authorized under this paragraph. Where the proprietor desires to employ an alternate method or procedure, he shall submit a written application to do so to the appropriate TTB officer. The application shall specifically describe the proposed alternate method or procedure, and shall set forth the reasons therefor. Alternate methods or procedures shall not be employed until the application has been approved by the appropriate TTB officer. Authorization for any alternate method or procedure may be withdrawn whenever in the judgment of the appropriate TTB officer the revenue is jeopardized or the effective administration of this part is hindered by the continuation of such authorization. As used in this paragraph, alternate methods or procedures shall include alternate construction or equipment.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1395, as amended (26 U.S.C. 5554))

§ 19.63 Pilot operations.
The appropriate TTB officer may waive any regulatory provisions of 26 U.S.C. Chapter 51, and of the regulations in this part, for temporary pilot or experimental operations for the purpose of facilitating the development and testing of improved methods of governmental supervision (necessary for the protection of the revenue) over plants. For this purpose, the appropriate TTB officer may, with the approval of the proprietor thereof, designate any plant for such operations. The provision of law and regulations waived and the period of time during which such waiver shall continue shall be stated in writing by the appropriate TTB officer. The provisions of this section shall not be construed as authority to waive the filing of any bond or the payment of any tax provided for in 26 U.S.C. Chapter 51.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1395, as amended (26 U.S.C. 5554))


EFFECTIVE DATE NOTE: By T.D. TTB–79, 74 FR 37403, July 28, 2009, § 19.63 was amended in the last sentence by removing the words "including special (occupational) tax.", effective July 28, 2009 through July 30, 2012.

§ 19.64 [Reserved]

§ 19.65 Experimental distilled spirits plants.
The appropriate TTB officer may authorize the establishment and operation of experimental plants for specific and limited periods of time solely for experimentation in, or development of—
(a) Sources of materials from which spirits may be produced;
(b) Processes by which spirits may be produced or refined; or
(c) Industrial uses of spirits.
The appropriate TTB officer may waive any provision of 26 U.S.C. Chapter 51 (other than 26 U.S.C. 5312) and of this part (other than this section and § 19.66) to the extent he deems necessary to effectuate the purposes of 26 U.S.C. 5312(b), except that he may not waive
the payment of any tax on spirits removed from such plant.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1375, as amended (26 U.S.C. 5312))


EFFECTIVE DATE NOTE: By T.D. TTB–79, 74 FR 37403, July 28, 2009, § 19.65 was amended by removing the last sentence, effective July 28, 2009 through July 30, 2012.

§ 19.66 Application to establish experimental plants.

Any person desiring to establish an experimental plant shall make written application to the appropriate TTB officer and obtain approval of the proposed establishment. The applicant shall file with such application a bond in such form and penal sum as required by the appropriate TTB officer. The application shall state the nature, extent, and purpose of the operations to be conducted and describe the operations and equipment, the location of the plant (including the proximity to other premises or operations subject to the provisions of 26 U.S.C. Chapter 51) and the security measures to be provided. The appropriate TTB officer may require the submission of additional information as he deems necessary. The appropriate TTB officer shall not permit operations until he has found that the plant conforms to the specifications set forth in the application, as approved, and the applicant has complied with provisions of 26 U.S.C. Chapter 51, and this part not specifically waived by the appropriate TTB officer.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1375, as amended (26 U.S.C. 5312))

§ 19.67 Spirits produced in industrial processes.

(a) Applicability. (1) Persons who produce spirits in industrial processes (including spirits produced as a by-product in connection with chemical or other processes) are distillers and are required to qualify under provisions of 26 U.S.C. Chapter 51 and this part.

(2) The appropriate TTB officer may, however, waive any provision of 26 U.S.C. Chapter 51, or of this part, with respect to the production of nonpotable chemical mixtures containing spirits, including any provision relating to qualification, if such mixtures are produced:
   (i) For transfer to the bonded premises of a distilled spirits plant for completion of distilling; or
   (ii) As a by-product which would require expensive and complex equipment for the recovery of spirits.

(3) The waiver under the provisions of paragraph (a)(2)(ii) of this section is further conditioned that such mixture would:
   (i) Be destroyed on the premises where produced; or
   (ii) Contain a minimum quantity of spirits practicable with the procedure employed, not be subjected to further operations solely for the purification or recovery of spirits, and be found by the appropriate TTB officer to be as nonpotable and at least as difficult with respect to recovery as completely denatured alcohol.

(b) Application for waiver. (1) When the producer of nonpotable mixtures desires to secure a waiver of designated provisions of 26 U.S.C. Chapter 51, or this part, he shall file an application with the appropriate TTB officer.

(2) The application shall include, as applicable—
   (i) Name and address of producer;
   (ii) Chemical composition and source of the nonpotable mixture;
   (iii) Approximate percentages of chemicals and spirits in the mixture;
   (iv) Method of operation proposed;
   (v) Bonded premises where the mixture will be distilled; and
   (vi) Other pertinent information required by the appropriate TTB officer.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1375, as amended (26 U.S.C. 5312))


EFFECTIVE DATE NOTE: By T.D. TTB–79, 74 FR 37403, July 28, 2009, § 19.67 was amended in paragraph (a)(1), by removing the words “and