

§ 19.703

(b) *Medium plants.* A proprietor that operates a medium plant that produces and receives more than 10,000 but not more than 20,000 proof gallons of spirits per year must provide a bond with a penal sum of at least \$2,000.00. The proprietor must increase the penal sum of the bond by \$1,000 for each additional 10,000 gallons, or fraction of 10,000 gallons, (over 20,000 gallons) that will be produced or received. The maximum bond for a medium plant is \$50,000.00, representing the penal sum applicable to 500,000 proof gallons. The following table provides examples of required minimum bond amounts:

ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS

More than	But not over	Amount of bond
10,000	20,000	\$2,000
20,000	30,000	3,000
90,000	100,000	10,000
190,000	200,000	20,000
490,000	500,000	50,000

(c) *Large plants.* A proprietor that operates a large plant that produces and receives more than 500,000 but not more than 510,000 proof gallons of spirits per year must provide a bond with a penal sum of at least \$52,000.00. The proprietor must increase the penal sum of the bond by \$2,000 for each additional 10,000 gallons, or fraction of 10,000 gallons (over 510,000 gallons) that will be produced and received. The maximum bond for a large plant is \$200,000.00. The following table provides examples of required minimum bond amounts:

ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS

More than	But not over	Amount of bond
500,000	510,000	\$52,000
510,000	520,000	54,000
740,000	750,000	100,000
990,000	1,000,000	150,000
1,240,000	—	200,000

(d) *New or strengthening bonds.* A proprietor must obtain a new bond or a strengthening bond in accordance with § 19.167 if the level of production and receipts at the alcohol fuel plant increases so that the current bond no

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longer is in the amount of at least the required minimum penal sum.

(26 U.S.C. 5173, 5181)

REQUIREMENTS FOR CONSTRUCTION, EQUIPMENT, AND SECURITY

§ 19.703 Construction and equipment.

A proprietor must construct and arrange the buildings and enclosures where distilled spirits will be produced, processed, or stored so as to ensure adequate security and deter the diversion of spirits. Distilling equipment must be constructed to prevent unauthorized removal of spirits, from the point where distilled spirits come into existence until production is complete and the quantity of spirits has been determined. A proprietor also must equip tanks and other vessels so that they may be locked and must provide a method for determining the quantity of spirits in each vessel.

(26 U.S.C. 5178)

§ 19.704 Security.

(a) *General.* The proprietor of an alcohol fuel plant must provide adequate security measures at the alcohol fuel plant in order to protect against the unauthorized removal of spirits.

(b) *Storage.* The proprietor must store spirits in a building or a storage tank, or within an enclosure, that will be kept locked when operations are not being conducted.

(c) *Additional security.* The appropriate TTB officer may require additional security measures for the premises if the alcohol fuel plant's security is found to be inadequate. The additional measures required may depend upon past security problems experienced at the alcohol fuel plant, the volume of alcohol produced, the risk to tax revenue, and any safety requirements. Additional security measures may include, but are not limited to:

- (1) A fence around the alcohol fuel plant;
- (2) Flood lights;
- (3) A security or alarm system;
- (4) A guard service; or
- (5) Locked or barred windows.

(26 U.S.C. 5178, 5202)