§ 19.957 Instructions to compute bond penal sum.

(a) Medium plants. To find the required amount of your bond, estimate the total proof gallons of spirits to be produced and received in a calendar year. The amount of the bond is $1,000 for each 10,000 proof gallons (or fraction thereof), subject to a minimum of $2,000 and a maximum of $50,000. The following table provides some examples:

<table>
<thead>
<tr>
<th>ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than</td>
</tr>
<tr>
<td>10,000</td>
</tr>
<tr>
<td>20,000</td>
</tr>
<tr>
<td>90,000</td>
</tr>
<tr>
<td>190,000</td>
</tr>
<tr>
<td>490,000</td>
</tr>
</tbody>
</table>

(b) Large plants. To find the required amount of your bond, estimate the total proof gallons of spirits to be produced and received in a calendar year. The amount of the bond is $50,000 plus $2,000 for each 10,000 proof gallons (or fraction thereof) over 500,000. The following table provides some examples:

<table>
<thead>
<tr>
<th>ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than</td>
</tr>
<tr>
<td>500,000</td>
</tr>
<tr>
<td>510,000</td>
</tr>
<tr>
<td>740,000</td>
</tr>
<tr>
<td>990,000</td>
</tr>
<tr>
<td>1,240,000</td>
</tr>
</tbody>
</table>

§ 19.958 Conditions of bond.

The bond shall be conditioned on payment of all taxes (including any penalties and interest) imposed by 26 U.S.C. Chapter 51, on compliance with all requirements of law and regulations, and on payment of all penalties incurred or fines imposed for violations of any such provisions.


§ 19.959 Additional provisions with respect to bonds.

Subpart H of this part contains further provisions applicable to bonds which, where not inconsistent with this subpart, are applicable to bonds of alcohol fuel plants.

CONSTRUCTION, EQUIPMENT AND SECURITY

§ 19.965 Construction and equipment.

Buildings and enclosures where distilled spirits will be produced, processed, or stored shall be constructed and arranged to enable the proprietor to maintain security adequate to deter diversion of the spirits. Distilling equipment shall 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. Tanks and other vessels for containing spirits shall be equipped for locking and be constructed to allow for determining the quantities of spirits therein.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1353, as amended (26 U.S.C. 5178))


Proprietors shall provide security adequate to deter the unauthorized removal of spirits. The proprietor shall store spirits either in a building, a storage tank, or within an enclosure, which the proprietor will keep locked...
when operations are not being con-
ducted.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1333, as
amended (26 U.S.C. 5178); sec. 806, Pub. L. 96–
39, 93 Stat. 279 (26 U.S.C. 5202))

§ 19.967 Additional security.

If the appropriate TTB officer finds
that security is inadequate to deter di-
version of the spirits, as may be evi-
denced by the occurrence of break-ins
or by diversion of spirits to unauthor-
ized purposes, additional security
measures may be required. Such addi-
tional measures may include, but are
not limited to, the following:

(a) The erection of a fence around the
plant or the alcohol storage facility;
(b) Flood lights;
(c) Alarm systems;
(d) Watchman services; or,
(e) Locked or barred windows.

The exact additional security require-
ments would depend on the extent of
the security problems, the volume of
alcohol produced, the risk to tax rev-
eneue, and safety requirements.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1333, as
amended (26 U.S.C. 5178); sec. 806, Pub. L. 96–
39, 93 Stat. 279 (26 U.S.C. 5202))

§ 19.970 Supervision of operations.

The appropriate TTB officer may as-
sign appropriate TTB officers to prem-
ises of plants qualified under this sub-
part. The authorities of appropriate
TTB officers, provided in §§ 19.81
through 19.84, and the requirement that
proprietors furnish facilities and as-
sistance to appropriate TTB officers,
provided in §19.86, apply to plants
qualified under this subpart. The provi-
sions of §19.75 of this part pertaining to
the assignment of appropriate TTB of-
ficers and hours of operation, to the ex-
tent deemed necessary by the appro-
priate TTB officer, are applicable to
plants qualified under this subpart.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1333, as
amended, 1356, as amended, 1357, as amended,
1358, as amended, 1375, as amended, 1396, as
amended (26 U.S.C. 5006, 5201, 5203, 5204, 5213,
5555); sec. 806, Pub. L. 96–39, 93 Stat. 279 (26
284 (26 U.S.C. 5204))

§ 19.980 Gauging.

(a) Equipment and method. Proprietors
shall gauge spirits by accurately deter-
mining the proof and quantity of spir-
its. The proof of the spirits shall be de-
termined using a glass cylinder, hy-
drometer, and thermometer. Propri-
etors may account for fuel alcohol in
wine gallons. Unless proprietors desire
to do so, it is not necessary to deter-
mine the proof of fuel alcohol manufac-
tured, on-hand, or removed. The Pro-
prietor may determine quantity either
by volume or weight. A tank or recep-
tacle with a calibrated sight glass in-
stalled, a calibrated dipstick, conver-
sion charts, meters (subject to ap-
proval by the appropriate TTB officer,
or other devices or methods approved
by the appropriate TTB officer, may be
used to determine quantity by volume.
The proprietor shall ensure that hy-
drometers, thermometers, and other
equipment used to determine proof,
volume, or weight are accurate. From
time to time appropriate TTB officers
shall verify the accuracy of such equip-
ment. Detailed procedures for gauging
spirits are provided in 27 CFR part 30.

(b) When Required. Proprietors shall
gauge spirits and record the results in
their records at the following times:

(1) On completion of production of
distilled spirits;
(2) On receipt of spirits at the plant;
(3) Prior to the addition of materials
to render the spirits unfit for beverage
use;
(4) Before withdrawal from plant
premises or other disposition of spirits
(including fuel alcohol); and
(5) When spirits are to be inventoried.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1336, as
amended, 1358, as amended (26 U.S.C. 5201,
5204))

§ 19.981 Inventories.

Proprietors shall take actual phys-
ical inventory of all spirits (including
fuel alcohol) on bonded premises at
least once during each period for which
a report is required by §19.966. The re-
results of the inventory shall be posted

481