

§ 19.34

§ 19.34 Experimental or research operations by scientific institutions and colleges of learning.

(a) *General.* The appropriate TTB officer may authorize any scientific university, college of learning, or institution of scientific research to produce, receive, blend, treat, test, and store spirits, without payment of tax, for experimental or research use but not for consumption (other than in organoleptic tests) or sale, in quantities as may be reasonably necessary for those purposes.

(b) *Waiver.* For purposes of this section, the appropriate TTB officer may waive any provision of 26 U.S.C. chapter 51 (other than 26 U.S.C. 5312) or this part (other than this section and § 19.35) to the extent necessary to effect the purposes of 26 U.S.C. 5312(a). However, TTB will not waive the payment of any tax on distilled spirits removed from any university, college, or institution.

(26 U.S.C. 5312)

§ 19.35 Application by scientific institutions and colleges of learning for experimental or research operations.

(a) *Application requirements.* A university, college, or scientific institution that wants to conduct any of the experimental or research operations mentioned in § 19.34, must submit a written application to the appropriate TTB officer and obtain approval for the proposed operations. The application may be submitted on letterhead. The application must:

- (1) State the nature, extent, and purpose of the operations to be conducted;
- (2) Describe the operations and equipment;
- (3) Describe the location where the operations will be conducted (including identification of the building or buildings, or the portions thereof to be used); and
- (4) Describe the security measures to be provided.

(b) *Bond.* The applicant must file a bond with the application in such form and amount as required by the appropriate TTB officer.

(c) *Approval of application.* Before approving the application, the appropriate TTB officer may require that

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the applicant submit additional information. The applicant may not commence operations until authorized by the appropriate TTB officer.

(d) *Records and reports.* Any university, college, or institution authorized to conduct experimental or research operations must maintain records of the quantities of spirits produced, received, and used each day and must make these records available for inspection by TTB officers. Universities, colleges, or institutions authorized to conduct experimental or research operations are not required to submit reports of operations to TTB unless specifically required by the appropriate TTB officer.

(e) *Discontinuance of operations.* When operations authorized under this section are discontinued, the university, college, or institution must destroy all remaining spirits and notify the appropriate TTB officer that operations are discontinued.

(26 U.S.C. 5312)

§ 19.36 Spirits produced in industrial processes.

(a) *General.* Except as otherwise provided in paragraph (b) of this section, any person who produces distilled spirits in an industrial process, including spirits produced as a byproduct in connection with chemical or other processes, is considered to be a distiller and therefore is required to qualify such operations as a distilled spirits plant and is subject to the registration requirements under the provisions of 26 U.S.C. chapter 51 and this part.

(b) *Waiver.* TTB may waive application of any provision of 26 U.S.C. chapter 51, or of this part, involving the production of nonpotable chemical mixtures containing spirits, including any provision relating to qualification (except the dealer registration requirement) if the mixture is produced:

(1) For transfer to the bonded premises of a distilled spirits plant for completion of distilling; or

(2) As a byproduct which would require expensive and complex equipment for the recovery of spirits, and the mixture:

(i) Would be destroyed on the premises where produced; or