

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2024 Operating Plan	FY 2025 Operating Plan	FY 2026 Request	FY 2025 to FY 2026 \$ Change	% Change
Collect the Revenue	\$80,847	\$85,023	\$84,741	(\$282)	0%
Protect the Public	\$76,948	\$72,772	\$73,054	\$282	0%
Subtotal, Organization Title	\$157,795	\$157,795	\$157,795	\$0	0%
Reimbursable and Offsetting Collections 2/	\$9,539	\$9,581	\$9,581	\$0	0%
Unobligated Balances from Prior Years 3/	\$4,896	\$4,856	\$4,500	(\$356)	-7%
Transfers In/Out 4/	\$999	\$900	\$0	(\$900)	-100%
Subtotal Other Resources	\$15,434	\$15,337	\$14,081	(\$1,256)	-8%
Total Budgetary Resources	\$173,229	\$173,132	\$171,876	(\$1,256)	-1%
Direct FTE	566	523	458	(65)	-12%
Reimbursable FTE	0	12	11	(1)	-8%
Total Full-time Equivalents (FTE)	566	535	469	(66)	-12%

1/ FY 2024 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 118-47, the Further Consolidated Appropriations Act, 2024. FY 2024 Other Resources and Full-time Equivalents (FTE) reflect actuals. FY 2025 New Appropriated Resources by Budget Activity & FTE reflect levels appropriated in P.L. 119-4, the Continuing Appropriations Act, 2025. FY 2025 Other Resources and Full-time Equivalents (FTE) reflect actuals.

2/ Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund, Community Development Financial Institutions (CDFI) Fund and 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 2024 actual obligations include transfers from TEOAF Secretary's Enforcement Fund and TEOAF Strategic Support Fund. FY 2025 includes a transfer from TEOAF Secretary's Enforcement Fund and TEOAF Strategic Support Fund.

Summary

The Alcohol and Tobacco Tax and Trade Bureau (TTB) serves as the primary Federal authority in the taxation and regulation of the alcohol and tobacco industries. TTB is responsible for the administration and enforcement of the Internal Revenue Code provisions for excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of the alcohol beverage industry to protect U.S. consumers and ensures a fair and competitive marketplace for U.S. businesses.

At the FY 2026 funding level, and in support of the Administration's goals to drive the economy forward and modernize government operations, TTB plans to continue to focus on timely service levels and improving taxpayer experience by replacing outdated and aging legacy systems, reducing regulatory burdens that hinder business growth, and issuing clear and timely guidance to facilitate voluntary compliance.

Service continues to be a top priority, as delays to issuing permits or product approvals have financial consequences for the viability of U.S. businesses. At the FY 2026 funding level, TTB will prioritize issuing permit, label, and formula approvals within service standards to support the health and growth of regulated businesses, using analytics to improve processing and manage workloads, as well as to inform efforts to rebalance and optimize staff. TTB also expects to maintain timely tax refunds, including on import claims to ensure access to the tax benefits that are available to alcohol producers and importers under the craft beverage modernization tax provisions. In FY 2026, TTB plans to continue to employ its data-driven and risk-based approach to claims processing to maintain timely service and prevent waste or fraud.

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers, consumers, or government effectiveness. In FY 2026, TTB plans to continue its major regulatory reform efforts in permitting, tax, and alcohol beverage labeling to consolidate, clarify, and simplify requirements and, where possible, reduce filings. 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.

Replacing legacy systems is essential to improve taxpayer services and reduce the cost and burden of compliance. At the FY 2026 funding level, TTB will continue to make critical IT investments to replace legacy systems with an integrated online experience for all tax and regulatory transactions with TTB, known as myTTB. By improving the ease and usability of online filing options, TTB aims to increase electronic submissions, improve timely filings, and support taxpayer compliance. Outdated and aging technology is also increasing IT and cyber risks and must be addressed to protect sensitive taxpayer information and avoid service disruptions. Investments in FY 2026 will provide the base resources necessary for TTB to continue migrating its legacy online systems to the new myTTB platform, starting with permitting due to an urgent need caused by changes in the underlying commercial software.

Further, to support these industries as they face increased competition, TTB plans to leverage technology and use compliance data to target and tailor its guidance, outreach, and enforcement activities, ensuring that businesses have the information they need to comply and are operating on a level playing field.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2025 Enacted	548	\$157,795
Changes to Base:		
Other Adjustment:	(105)	(\$7,722)
Technical FTE Adjustment	(41)	\$0
Workforce Reshaping	(64)	(\$7,722)
Maintaining Current Levels (MCLs):	0	\$457
Pay Annualization (2025 2.0% average pay raise)	0	\$457
Subtotal Changes to Base	(105)	(\$7,265)
FY 2026 Current Services	443	\$150,530
Program Changes:		
Program Increases	0	\$7,265
Deliver Integrated Online Experience	0	\$7,265
Subtotal Program Changes	0	\$7,265
FY 2026 President's Budget Request	443	\$157,795

Budget Adjustments

Other Adjustments.....-\$7,722,000 / -105 FTE

Technical FTE Adjustment -\$0 / -41 FTE

This adjustment reflects a permanent change to the FTE level from the enacted 548 to 507 to reflect fully funded positions in the FY25 Operating Plan. Under the plan, TTB realigned funds to cover the FY25 pay raise, non-pay inflation costs, and IT operating costs.

Workforce Reshaping -\$7,722,000 / -64 FTE

To align with the Administration's initiative to improve Government efficiency and effectiveness, the

Department of the Treasury and the TTB are implementing a staffing streamlining effort with a focus on maximum efficiency

Maintaining Current Levels (MCLs)+\$457,000 / +0 FTE

Pay Annualization (2.0% in 2025) +\$457,000 / +0 FTE

Funds are requested for annualization of the January 2025 2.0% average pay raise.

Program Increases.....+\$7,265,000 / +0 FTE

Deliver Integrated Online Experience +\$7,265,000 / +0 FTE

TTB requests \$7.3 million to transform TTB's digital services to improve taxpayer services. This funding is necessary to ensure the myTTB IT project is adequately resourced and effectively structured to achieve an online experience that is simple, seamless, and secure.

Legislative Proposals

TTB has no legislative proposals.