

Department of the Treasury
Alcohol and Tobacco Tax
and Trade Bureau

Congressional Budget
Justification

FY 2026

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Section I – Budget Request

A – Mission Statement

To collect the taxes due on alcohol, tobacco, firearms, and ammunition; protect consumers by ensuring the integrity of alcohol products; enable qualified businesses to enter and operate in the alcohol and tobacco industries; uphold fair and equitable competition in the alcohol markets; and prevent unlawful markets for alcohol and tobacco products.

B – Summary of the Request

Supporting the Nation’s economic vitality is at the core of the work that the Alcohol and Tobacco Tax and Trade Bureau (TTB) performs. The Bureau’s role in permitting, regulating, and taxing the alcohol, tobacco, and firearms industries facilitates a compliant and fair marketplace for those engaged in the manufacture and trade of these commodities, and ensures that the Federal government has the resources needed to fund national priorities. In fiscal year (FY) 2024, TTB collected approximately \$17 billion in excise taxes from the alcohol, tobacco, firearms, and ammunition industries.

TTB remains focused on transforming its services to meet the evolving needs of the businesses we regulate, building from a new operational model that reflects the Administration’s vision for government. 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operations, TTB plans to continue to focus on timely service levels and improving taxpayer experience by replacing outdated and aging legacy systems, reducing regulatory burdens that hinder business growth, and issuing clear and timely guidance to facilitate voluntary compliance.

Timely Service. 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 improper payments or fraud.

Simplified Regulations. 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.

Modern Systems. 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.

Clear Guidance. TTB will also continue to focus on providing clear and consistent industry guidance to facilitate the submission of compliant filings. Omissions and errors on permit and alcohol label applications create inefficiencies for TTB and delays in service to industry. Undue delays in service can be a barrier to industry expansion and ongoing product innovation that fuel the economy. 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.

Table 1.1 – Appropriations Detail

Dollars in Thousands

Appropriated Resources	FY 2024 Operating Plan		FY 2025 Operating Plan		FY 2026 Request		FY 2025 to FY 2026 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources ¹								
Collect the Revenue	265	\$80,847	240	\$85,023	205	\$84,741	-14.6%	-0.3%
Protect the Public	286	\$76,948	267	\$72,772	238	\$73,054	-10.9%	0.4%
Subtotal New Appropriated Resources	551	\$157,795	507	\$157,795	443	\$157,795	-12.6%	0.0%
Other Resources								
Reimbursables and Offsetting Collections ²	11	\$9,539	12	\$9,581	11	\$9,581	-8.3%	0.0%
Unobligated Balances from Prior Years ³	15	\$4,896	16	\$4,856	15	\$4,500	-6.3%	-7.3%
Transfers In/Out ⁴	0	\$999	0	\$900	0	\$0	NA	-100.0%
Subtotal Other Resources	26	\$15,434	28	\$15,337	26	\$14,081	-14.6%	-107.3%
Total Budgetary Resources	577	173,229	535	\$173,132	469	\$171,876	-27.2%	-107.3%

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 multi-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.

Table 1.2 – Budget Adjustments

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)		\$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

C – Budget Increases and Decreases Description**Other Adjustments-\$7,772,000 / -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 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.

Table 1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2024 Actual Obligations	FY 2025 Estimated Obligations	FY 2026 Estimated Obligations
11.1 - Full-time permanent	63,928	66,595	61,714
11.5 - Other personnel compensation	1,566	1,694	1,730
11.9 - Personnel Compensation (Total)	65,494	68,290	63,444
12.0 - Personnel benefits	24,291	25,212	23,186
13.0 - Benefits for former personnel	0	1	3,196
Total Personnel and Compensation Benefits	\$89,785	\$93,503	\$89,826
21.0 - Travel and transportation of persons	1,290	1,640	1,883
22.0 - Transportation of things	50	54	43
23.1 - Rental payments to GSA	3,718	4,829	4,700
23.3 - Communications, utilities, and miscellaneous charges	562	650	1,004
24.0 - Printing and reproduction	215	250	230
25.1 - Advisory and assistance services	17,256	22,180	30,538
25.2 - Other services from non-Federal sources	19,289	19,135	19,194
25.3 - Other goods and services from Federal sources	15,129	16,624	17,028
25.4 - Operation and maintenance of facilities	32	32	42
25.7 - Operation and maintenance of equipment	3,530	3,439	3,619
26.0 - Supplies and materials	309	328	388
31.0 - Equipment	15,293	5,648	3,381
Total Non-Personnel	\$76,673	\$74,809	\$82,050
Total Obligations ¹	\$166,458	\$168,312	\$171,876

Full-time Equivalents (FTE) ²	513	519	469
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1/ FY 2024 reflects actual obligations totaling \$166.5 million, of which \$158.7 million was from direct resources (new appropriations, carryover from prior years, and a TEOAF transfer) and \$7.9 million was from reimbursable resources/offsetting collections. FY 2025 reflects anticipated obligations totaling \$168.3 million, of which \$158.9 million is from direct resources (new appropriations and carryover from prior years, and a TEOAF transfer) and \$9.4 million is from reimbursable resources/offsetting collections. FY 2026 reflects anticipated obligations totaling \$171.9 million, of which \$162.3 million is from direct resources (new appropriations and carryover from prior years) and \$9.6 million is from reimbursable resources/offsetting collections.

2/ FY 2024 FTE reflects actual total FTE of 513, of which 502 FTE was from direct resources and 11 FTE was from reimbursable resources/offsetting collections. FY 2025 reflects anticipated total FTE of 519, of which 507 FTE is anticipated from direct resources and 12 FTE is anticipated from reimbursable resources/offsetting collections. FY 2026 reflects anticipated total FTE of 469, of which 458 FTE is anticipated from direct resources and 11 FTE is anticipated from reimbursable resources/offsetting collections.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p>DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU <i>Federal Funds</i></p> <p><i>SALARIES AND EXPENSES</i> <i>For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, \$157,795,000; of which not to exceed \$6,000 shall be available for official reception and representation expenses; and of which not to exceed \$50,000 shall be available for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement[: Provided, That of the amount appropriated under this heading, \$5,000,000 shall be for the costs of accelerating the processing of formula and label applications: Provided further, That of the amount appropriated under this heading, \$5,000,000, to remain available until September 30, 2026, shall be for the costs associated with enforcement of and education regarding the trade practice provisions of the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.)].</i></p> <p>Note.—This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119–4).</p>	

E – Legislative Proposals

TTB has no legislative proposals.

Section II – Additional Information**A – Summary of Capital Investments****Information Technology**

TTB's Strategic Plan establishes the vision and objectives for the Bureau in the business context. TTB's Information Technology (IT) Strategic Plan is a five-year plan based on its business strategy, which includes the Bureau's mission, vision, goals, and objectives from an IT perspective. This plan charts the course the Bureau will follow in the coming years to develop and implement IT solutions that are aimed at streamlining the collection of data, utilizing web technologies, and continuing to make the internet the method of choice for the reporting and exchanging of information between businesses and TTB. By aligning business and technical strategy, TTB can leverage technology to enable the Bureau to meet its objectives in the most efficient and cost-effective manner while identifying ways to minimize system redundancy.

TTB has no major IT investments based on the OMB and the Department of the Treasury criteria. Several non-major investments, however, directly support the mission, strategy, and day-to-day operations of the Bureau.

These include:

TTB Mission Investments:

- **TTB Tax System:** This investment includes several legacy applications and new myTTB systems supporting permitting and taxation to ensure fair and proper collection of alcohol, tobacco, firearms, and ammunition excise taxes, as well as industry compliance with excise tax laws and regulations.
- **TTB Regulatory System:** This investment includes legacy applications and myTTB regulatory modules that streamline the beverage and nonbeverage alcohol formula approval process and COLA issuance for tax and regulatory compliance.
- **TTB Mission Applications Support Services (MASS):** This investment provides shared software, platforms, and myTTB functionality needed to operate the TTB mission systems (TTB Tax System and TTB Regulatory System).

TTB Standard Information Technology (IT) Investments: According to Circular No. A-11, standard IT investments are expenditures of IT resources that include, but are not limited to, commonly used enterprise-wide information systems and services, computing infrastructure, and other technology services and applications that are commonly used across agencies.” The following investments support TTB’s IT resources:

- **TTB IT Infrastructure Data Center and Cloud**
- **TTB IT Infrastructure End User Systems and Support**
- **TTB IT Infrastructure Network**
- **TTB IT Security and Compliance Program**
- **TTB IT Management**

In addition to leveraging IT to support the mission, strategy, and day-to-day operations of the Bureau, TTB supports and maintains strategic alignment with OMB and Treasury through enterprise-wide IT initiatives. These include Cybersecurity; IT Infrastructure; Electronic Identity and Access Management (HSPD-12); Enterprise-wide Contracts and Services; and Program Metrics and Milestones.

Scientific Equipment for Laboratory

This investment will enable TTB’s chemists to continue to provide accurate and reproducible scientific data and laboratory results to support regulatory compliance, tax enforcement, tax classification, rulemaking, and investigations for the alcohol and tobacco commodities. Laboratory instruments require periodic replacement, as they have finite lifecycles due to use and as advances in scientific technology render older instruments obsolete. Periodic replacement of the existing technologies and equipment is essential for TTB laboratories to remain state-of-the-art and effective to support the Bureau’s mission, strategy, and day-to-day operations.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at: <https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>