



OFFICE OF THE CHANCELLOR  
200 CALIFORNIA HALL #1500

BERKELEY, CA 94720-1500

## DA 0124

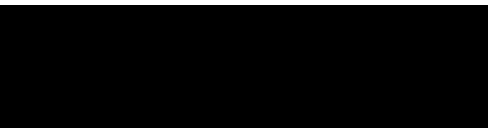
February 5, 2004

ASSOCIATE VICE CHANCELLOR - BUSINESS AND ADMINISTRATIVE SERVICES  
Ron Coley

Re: Delegation of Authority 0124 - *Authority to Sign Documents in connection with Use of Alcohol*

Effective November 1, 2003, I am re delegating DA0124 to you as Associate Vice Chancellor - Business and Administrative Services. You are authorized to request permits directly from the Treasury Department to procure and use tax free alcohol. This authority shall be exercised in accordance with the procedures established in Business and Finance Bulletin BUS-2.

Please contact Cindy Major in the Chancellor's Communication and Resource Center at 642-3115 or via email at [cmajor@uclink4.berkeley.edu](mailto:cmajor@uclink4.berkeley.edu) with any concerns you may have regarding this delegation of authority.



Horace Mitchell  
Vice Chancellor - Business and  
Administrative Services

### Attachments

cc: Vice President J. Mullinix  
General Counsel James Holst  
Secretary Leigh Trivette  
Special Assistant Jeanne Gardner  
Associate Chancellor John Cummins  
Manager Susan Combs

CCRC

UNIVERSITY OF CALIFORNIA, BERKELEY

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**DA 0124**

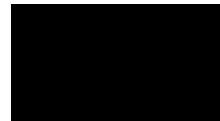
January 25, 2000

**VICE CHANCELLOR HORACE MITCHELL**

Effective immediately, in your capacity as Vice Chancellor of Business and Administrative Services, I am re delegating DA 0124 to you. This delegation of authority authorizes you to request permits directly from the Treasury Department to procure and use tax free alcohol. Attached for your information is the initial letter of delegation, dated September 30, 1966.

This re delegation shall supersede the re delegation of December 3, 1999 to All Vice Chancellors.

Please contact Manager Susan Combs in the Chancellor's Communication and Resource Center at 643-7311 or via email at [scombs@uclink4.berkeley.edu](mailto:scombs@uclink4.berkeley.edu) with any concerns you may have regarding this delegation of authority.



Robert M. Berdahl  
Chancellor

cc: Vice President V. Wayne Kennedy  
General Counsel James Holst  
Secretary Leigh Trivette  
Special Assistant Jeanne Gardner  
Assistant Chancellor John Cummins  
Manager Susan Combs

# UNIVERSITY OF CALIFORNIA

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SANTA BARBARA • SANTA CRUZ

DAVID PIERPONT GARDNER  
President

RONALD W. BRADY  
Senior Vice President—  
Administration

OFFICE OF THE PRESIDENT  
BERKELEY, CALIFORNIA 94720

DATE: December 1, 1985  
RE: BULLETIN: BUS-2  
PAGES: All  
ACTION TAKEN: Revision

## BUSINESS AND FINANCE BULLETIN ADDRESSES:

**Direction:** Please remove the existing version of Business and Finance Bulletin BUS-2, "Tax-Free Alcohol Permits, Reports, and Operations," dated October 20, 1967, and replace it with the attached revision titled "Tax-Free Alcohol Permits, Records, and Operations," dated December 1, 1985.

**Remarks:** The Federal Regulations on Tax-Free Alcohol have been substantially changed. This bulletin has been revised to reflect those changes; such as the deletion of all reporting requirements and the substitution of record keeping requirements; deletion of the requirement for annual renewal of the use permit; and deletion of the need for a withdrawal permit. There are also corrections in titles and addresses.



Afton E. Crooks

**Attachment**



TAX-FREE ALCOHOL PERMITS, RECORDS, AND OPERATIONS

NUMBER BUS-2 (Revised)

EFFECTIVE DATE Dec. 1, 1985

OPTIONAL-FILE REFERENCE

REFER ALL SYSTEMWIDE QUESTIONS TO:

University Materiel Coordinator

REFER ALL CAMPUS QUESTIONS TO:

PAGE 1 OF 8  
AUTHORIZED BY *Wayne S. Ove*  
Wayne S. Ove

I. REFERENCES

A. Delegations of Authority

1. On October 22, 1965, The Regents passed the following resolution which is on file with the Regional Director (Compliance), Bureau of Alcohol, Tobacco and Firearms.

"RESOLVED, that the President of the University of California be delegated the authority to designate those persons who shall be authorized to sign all documents necessary in connection with the use of alcohol by the University, including applications for alcohol permits, applications for drawback of tax paid, alcohol reports, and the operation of the experimental alcohol plant on the Davis campus."

2. On October 10, 1966, the President re delegated his authority to sign all tax-free alcohol documents to the Chancellor of each campus. Letters re delegating that authority to the officials indicated above are on file with the Assistant Regional Director (Compliance).

- B. "Conditions of Use of Tax-Free Alcohol," and "Excerpts from the Federal Regulations on Tax-Free Alcohol," see Exhibit 1.

II. INTRODUCTION

The purpose of this bulletin is to make available the Bureau of Alcohol, Tobacco and Firearms' requirements which govern the acquisition of original or amended tax-free alcohol permits, and the acquisition and utilization of tax-free alcohol.

III. PROCEDURES

A. General

1. Governing Authority

All applications for permits and amendments thereto, requests for forms, and correspondence concerning tax-free alcohol involving the Federal government are to be sent directly to:

Regional Director  
United States Treasury Department  
Bureau of Alcohol, Tobacco and Firearms  
221 Main Street, 11th Floor  
San Francisco, California 94105  
(415) 974-9625

## 2. Redelegation of Authority

A Chancellor may redelegate the authority to sign tax-free alcohol permit applications to an officer by the following action:

- a. Signing a letter in duplicate, which sets forth the authority redelegated, identifies the staff member by name and title, and specifies the staff member's official campus mailing address.
- b. Sending the original and one copy of the letter to the Regional Director requesting the approval of the proposed redelegation of authority and the return of the approved copy of the letter to the originator.
- c. Copies of all redelegation letters are to be sent to the Senior Vice President--Administration and to the Director--Coordination and Review.

Note: The person to whom signatory authority is to be redelegated cannot sign tax-free alcohol documents prior to receipt of the Regional Director's acknowledgement.

## 3. Authentication of Tax-Free Documents

All tax-free alcohol forms are to be made out in the name of "The Regents of the University of California" and signed by the Chancellor or by an officer to whom this authority has been redelegated.

## B. Industrial Use Permits

### 1. Permit Numbers

All campuses have been issued Industrial Use Permits (commonly referred to as the Basic Permit) which authorize their use of tax-free alcohol. These permits are identified by numbers assigned by the Regional Director's office. The permit numbers must be indicated in all applications and correspondence concerning tax-free alcohol.

## 2. Amended or New Use Permits

- a. Amended or new Use Permits may be obtained by completing Form 5150.22 "Application for Industrial Alcohol User Permit" in triplicate. The original and one copy are forwarded to the Regional Director, and the other copy is retained pending receipt of approval by the Regional Director.
- b. Approval of the Use Permit application will be evidenced by the receipt of Form 5150.9 (Permit to Use Alcohol free of Tax) and the return of a copy of Form 5150.22. These two forms shall be posted in a conspicuous place in the alcohol storage room.
- c. The new Use Permit and approved copy of the application supplement all previous permits and applications and shall be posted directly over those existing documents in the tax-free alcohol storage room.

## 3. Permit Requirements

- a. Permits to withdraw and use tax-free alcohol are continuing unless automatically terminated by the terms of the permit.
- b. Permits may be photocopied exclusively for the purpose of furnishing proof of authorization to withdraw tax-free alcohol from tax-free alcohol suppliers.
- c. Any photocopy of the permit, Form 5150.9, shall be signed, dated, and contain the word "COPY" across the face.
- d. The University is responsible for obtaining and, as applicable, destroying all photocopies of its permit from the distilled spirits vendor when:
  - (1) An amended or corrected permit is issued which supersedes the copy on file;
  - (2) The permit is cancelled;
  - (3) The permit is revoked or suspended; or
  - (4) Another vendor is awarded the University contract.

## C. Withdrawal Requirements

1. On the initial order for tax-free alcohol, a signed copy of the permit, Form 5150.9, shall be forwarded to the vendor with the order.
2. On subsequent orders for tax-free alcohol, the purchase request, in addition to any other information, shall contain the following information:
  - a. Permit identification number.
  - b. Date of issue of permit.
  - c. Statement that the University possesses a valid permit to withdraw and use tax-free alcohol, a copy of which is on file.
3. Shipments may not be made until the vendor has a signed copy of a valid permit on file.
4. The University is responsible for regulating its withdrawals of tax-free alcohol so the cumulative quantity withdrawn or received in any calendar year does not exceed the quantity authorized by the permit, Form 5150.9.

## D. Conditions of Use of Tax-Free Alcohol

The following requirements must be met:

1. Delivery will be made in quantities conforming to the stated monthly requirement for a given user (using department).
2. Deliveries which exceed the stated monthly requirement and deliveries of more than 25 gallons must conform with fire protection and environmental health and safety standards and have prior approval of the Chancellor or designee.
3. The user's custodian shall sign a Storehouse receipt for each delivery of alcohol and shall maintain complete, accurate, up-to-date records of all tax-free alcohol received and issued.
4. All tax-free alcohol shall be used only on the premises of the University and will not be transported to any location other than a University-owned building on the campus to which the permit has been issued. (For possible exceptions, refer to Exhibit No. 1 and that portion titled "Excerpts from the Federal Regulations on Tax-Free Alcohol.")

5. Each campus and user shall establish and maintain an alcohol storage facility in accordance with the following criteria:
  - a. Adequate size and construction to provide good ventilation.
  - b. Suitable location which provides convenience to authorized personnel and affords maximum physical protection.
  - c. Security devices and practices shall include, but are not limited to:
    - (1) Use of cylinder-type door lock or heavy-duty padlock (If a padlock is used the hasp must be installed so that there is no access to the mounting screws or bolts when the door is closed and the lock is fastened.)
    - (2) Hinges must be installed in such a manner as to preclude access to mounting screws or bolts and hinge pins when the door is closed.
    - (3) The facility custodian shall have sole custody of the key to the facility.
    - (4) Proper procedures shall be established to safeguard the keys to the storage areas.

## E. Record Keeping Requirements

1. Records shall be maintained in sufficient detail to enable the University to reconcile any losses or gains for the semiannual inventory and to enable ATF officers to verify all transactions and to ascertain whether there has been compliance with law and regulations.
2. Records shall contain the following information:
  - a. Identify tax-free alcohol by proof.
  - b. Date of transaction.
  - c. Quantity involved.
  - d. Name of department to whom issued.
  - e. Quantity received, which shall be either an invoice or bill of lading.
3. Any action taken shall be recorded the same day the action took place.



4. Records shall be maintained at the permit premises for a period of not less than three years.

## F. Inventories

1. A physical inventory of tax-free alcohol shall be taken semiannually for the periods ending June 30 and December 31 of each year; or
2. Other inventory periods which are approximately six months apart, upon filing a written notice with the Regional Director (Compliance) establishing other inventory periods.

## G. Losses and Claims

1. The permittee shall determine and record the quantity of tax-free alcohol lost on the premises:
  - a. At the end of each semiannual period when the inventory is taken; or
  - b. Immediately upon discovery of any loss due to casualty, theft, or other unusual causes.
2. A claim for allowances for loss of tax-free alcohol shall be filed, if:
  - a. The quantity lost during any semiannual inventory exceeds one percent of the quantity to be accounted for during that period and is more than ten proof gallons; or
  - b. The loss was due to theft, unlawful use or removal; in which case the claim is to be filed regardless of the quantity involved.
3. The claim for allowances of losses of tax-free alcohol shall be filed on Form 2635 (5620.8) with the Regional Director (Compliance) within 30 days from the date the loss is ascertained and shall contain the following information:
  - a. Name, address, and permit number.
  - b. Identification and locations of the container(s) from which the tax-free alcohol was lost, and the quantity lost from each container.
  - c. Total quantity of tax-free alcohol covered by the claim and the aggregate quantity involved.

- d. Date of loss or discovery, the cause or nature of loss, and all relevant facts, including facts establishing whether the loss occurred as a result of negligence, connivance, collusion, or fraud on the part of any person, employee, or agent participating in or responsible for the loss.
- e. The name of carrier, when a loss in transit is involved, and the carrier's statement regarding the loss in transit.

#### H. Special Occupational Tax

Special occupational taxes are due annually by July 1. Each campus holding a permit is required to file a Special Tax Registration and Return, Form 5630.5, and pay the special occupational tax. The Bureau of Alcohol, Tobacco and Firearms will mail the necessary forms and instructions to each campus by June 15 of each year. Campuses which do not receive these forms by June 15 should contact the Regional Director's office. Failure to pay the tax will result in the imposition of penalties and interest.

#### IV. RESPONSIBILITY

Each Chancellor is responsible for ensuring strict compliance with statutory and regulatory requirements concerning tax-free alcohol.

## EXHIBIT No. 1

### CONDITIONS OF USE OF TAX-FREE ALCOHOL

(TO BE POSTED IN A CONSPICUOUS PLACE WITHIN THE LOCKED STORAGE AREA)

1. NO FULL DRUM DELIVERIES SHALL BE MADE FROM STOREHOUSE STOCK AT ANY TIME.
2. DELIVERIES WHICH EXCEED THE STATED MONTHLY REQUIREMENT AND DELIVERIES OF MORE THAN 25 GALLONS MUST CONFORM WITH FIRE PROTECTION AND ENVIRONMENTAL HEALTH AND SAFETY STANDARDS AND HAVE PRIOR APPROVAL OF THE CHANCELLOR OR DESIGNEE.
3. THE USER'S CUSTODIAN SHALL SIGN A STOREHOUSE RECEIPT FOR EACH DELIVERY OF ALCOHOL AND SHALL MAINTAIN COMPLETE, ACCURATE, AND UP-TO-DATE RECORDS OF ALL TAX-FREE ALCOHOL TRANSACTIONS IN WHICH THE CUSTODIAN IS INVOLVED.
4. ALL TAX-FREE ALCOHOL SHALL BE USED ONLY ON THE PREMISES OF THE PERMITTEE AND SHALL NOT BE TRANSPORTED TO ANY LOCATION OTHER THAN A UNIVERSITY-OWNED BUILDING ON THAT PARTICULAR CAMPUS. (FOR POSSIBLE EXCEPTIONS REFER TO SEC. 22.102 OF THE FEDERAL REGULATIONS ON TAX-FREE ALCOHOL WHICH IS SET FORTH BELOW)
5. EACH CAMPUS AND USER SHALL ESTABLISH AND MAINTAIN ITS ALCOHOL STORAGE FACILITY IN ACCORDANCE WITH THE FOLLOWING CRITERIA:
  - A. ADEQUATE SIZE AND CONSTRUCTION TO PROVIDE GOOD VENTILATION.
  - B. SUITABLE LOCATION WHICH PROVIDES CONVENIENCE TO AUTHORIZED PERSONNEL AND AFFORDS MAXIMUM PHYSICAL PROTECTION.
  - C. USE OF OR ADHERENCE TO SECURITY DEVICES OR PRACTICES WHICH SHALL INCLUDE, BUT ARE NOT LIMITED TO THE FOLLOWING: USE OF A CYLINDER TYPE DOOR LOCK OR HEAVY-DUTY PADLOCK. IF A PADLOCK IS USED THE HASP MUST BE INSTALLED TO PRECLUDE ACCESS TO THE MOUNTING SCREWS OR BOLTS WHEN THE DOOR IS CLOSED AND THE LOCK IS IN PLACE. THE FACILITY CUSTODIAN SHALL HAVE SOLE CUSTODY OF THE PRIMARY KEY TO THE FACILITY; AND THE PROCEDURES SHALL BE ESTABLISHED TO SAFEGUARD ALL KEYS.

### EXCERPTS FROM THE FEDERAL REGULATIONS ON TAX-FREE ALCOHOL

Sec. 22.104(d) - EDUCATIONAL ORGANIZATIONS, SCIENTIFIC UNIVERSITIES, AND COLLEGES OF LEARNING - "...TAX-FREE ALCOHOL WITHDRAWN BY SUCH EDUCATIONAL ORGANIZATIONS, SCIENTIFIC UNIVERSITIES, AND COLLEGES OF LEARNING SHALL BE USED ONLY FOR SCIENTIFIC, MEDICINAL, AND MECHANICAL PURPOSES. USE OF THE TAX-FREE ALCOHOL AND RESULTING PRODUCTS ARE LIMITED AS PROVIDED IN SEC. 22.102.

Sec 22.102 - PROHIBITED USAGE OF TAX-FREE ALCOHOL - "UNDER NO CIRCUMSTANCES MAY TAX-FREE ALCOHOL WITHDRAWN UNDER THIS PART BE USED FOR BEVERAGE PURPOSES, OR IN ANY FOOD PRODUCT, OR IN ANY PREPARATION USED IN PREPARING BEVERAGE OR FOOD PRODUCTS. UNIVERSITIES, COLLEGES, EDUCATIONAL ORGANIZATIONS, LABORATORIES, HOSPITALS, CLINICS, BLOOD BANKS, AND SANITARIUMS ARE PROHIBITED FROM (A) SELLING TAX-FREE ALCOHOL, (B) USING TAX-FREE ALCOHOL IN THE MANUFACTURE OF ANY PRODUCT FOR SALE, OR (C) SELLING ANY PRODUCT RESULTING FROM THE USE OF TAX-FREE ALCOHOL...PERSONS QUALIFIED UNDER THIS PART MAY NOT REMOVE TAX-FREE ALCOHOL OR PRODUCTS RESULTING FROM THE USE OF SUCH ALCOHOL FROM PREMISES UNDER THEIR CONTROL, UNLESS SUCH REMOVALS ARE SPECIFICALLY AUTHORIZED BY THE TERMS OF THEIR PERMIT, OR PERMISSION IS OBTAINED FROM THE REGIONAL DIRECTOR. (COMPLIANCE)."

COPY FROM ILL-LEGIBLE XEROX COPY

September 30, 1966

CHANCELLORS:

An agreement has been reached with the Treasury Department, Alcohol and Tobacco Tax Division, which provides authorization for each Chancellor to sign all documents in connection with the use of alcohol by his campus.

The primary effect of this agreement will be to give you authority to request permits directly from the Treasury Department to procure and use tax free alcohol.

It is anticipated that this authority and a statement of procedures will be issued by November 15, 1966.

/s/  
F. E. Balderston

cc: Business & Finance Officers

PCC:lw