

The history of the Bureau extends to the earliest days of the United States and provides the background for its uniquely interwoven regulatory, taxation, and law enforcement missions.

The first Secretary of the Treasury, Alexander Hamilton, introduced the initial Federal tax on liquor in 1791 as a means to pay the \$21 million debt from the Revolutionary War. This tax proved to be very unpopular and in 1794 violent resistance to the tax provoked the famous Whiskey Rebellion. To restore order, President Washington mustered 15,000 militia members, firmly establishing the new Federal Government's authority to enforce such taxes.

Between the Whiskey Rebellion and the Civil War, taxes on distilled spirits were alternately repealed and enacted to meet revenue needs. However, to finance the Civil War, Congress created the Office of Internal Revenue in 1862 and imposed a tax on distilled spirits that has become a permanent part of the Federal revenue system. In 1863, Congress authorized the hiring of "three detectives to aid in the prevention, detection and punishment of tax evaders."

Throughout the 19th century, efforts to impose and enforce distilled spirits taxes were marked by political resistance and criminal behavior. From the outset, the Government needed personnel not only to collect taxes, but also to enforce the laws against criminals who refused to comply.

## THE EVOLUTION OF ATF

- 1994 **VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT** - amended and strengthened current Federal firearms and explosives laws enforced by ATF.
- 1993 **BRADY LAW** - created a mandatory five-day waiting period for purchasing handguns. Provision allows law enforcement to check the background of each handgun purchaser before delivery of any handguns are made by Federal firearms dealers. (Waiting period provisions took effect in 1994)
- 1992 **GANG RESISTANCE EDUCATION AND TRAINING (GREAT)** - program established for gang violence prevention.
- 1984 **ARMED CAREER CRIMINAL ACT/COMPREHENSIVE CRIME CONTROL ACT** - Congress passed amendments to the 1968 Gun Control Act, establishing mandatory sentences for armed drug traffickers and violent career criminals.
- 1982 **ANTIARSON ACT** - amended Explosives Control Act to include destruction of property by fire along with destruction by explosives.
- 1978 **CONTRABAND CIGARETTE ACT** - ATF helps State enforcement agencies to improve their enforcement and revenue collection capabilities, in response to the millions of dollars being lost to the State by cigarette smuggling from low tax to high tax states. Bureau also begins developing an entirely new Federal effort against an emerging crime problem - arson.
- 1972 Alcohol, Tobacco and Firearms Division was separated from the IRS and given full Bureau status in the Treasury Department as the Bureau of Alcohol, Tobacco and Firearms.
- 1970 **TITLE XI OF THE ORGANIZED CRIME CONTROL ACT OF 1970** - contained provisions for industry regulations and established certain bombings and arsons as Federal crimes; and Alcohol and Tobacco Tax Division name changed to the Alcohol, Tobacco and Firearms Division under the IRS.
- 1968 **GUN CONTROL ACT** - created stricter licensing and regulation of the firearms industry, established new categories of offenses involving firearms, and the first direct Federal jurisdiction aimed at criminal use of explosives. Responsibilities delegated to the Alcohol and Tobacco Tax Division.
- 1954 **INTERNAL REVENUE CODE** - Alcohol and Tobacco Tax Division gained jurisdiction over the regulation and tax collection on alcohol beverages, tobacco products and firearms industries.
- 1952 As a result of alcohol tax duties being delegated to the Alcohol Tax Unit in 1951, the unit title was changed to Alcohol and Tobacco Tax Division of the Internal Revenue Service (IRS).
- 1938 **FEDERAL FIREARMS ACT** - established regulations of the firearms industry and made it a crime for felons and fugitives to receive firearms in interstate commerce.
- 1935 **FEDERAL ALCOHOL ADMINISTRATION ACT** - created licensing and permit requirements and established regulations designed to ensure an open and fair marketplace to the legal businessman and to the consumer.
- 1934 **NATIONAL FIREARMS ACT** - imposed criminal, regulatory and tax laws on gangster-type weapons such as machine guns; and the Bureau of Prohibition turned over its responsibilities to a newly created Alcohol Tax Unit within the Bureau of Internal Revenue.
- 1933 **21st AMENDMENT TO THE CONSTITUTION** - Prohibition Era ends.
- 1927 Prohibition Unit became the separate Bureau of Prohibition, under the Department of Justice.
- 1919 **18th AMENDMENT TO THE CONSTITUTION RATIFIED** - ushered in the Prohibition Era, when it was illegal to manufacture, sell, or transport intoxicating liquors for beverage purposes. Prohibition Unit established under the Commissioner of Internal Revenue.
- 1794 **WHISKEY REBELLION** - violent resistance to the established authority of the Federal government to levy the excise tax on distilled spirits.
- 1791 Congress imposed the first Federal tax on distilled spirits.

*The Bureau of Alcohol, Tobacco and Firearms (ATF) is a unique Federal agency within the Treasury Department. While it is responsible for the administration of some of the newest Federal laws, the Bureau's history extends back to the earliest days of the United States.*

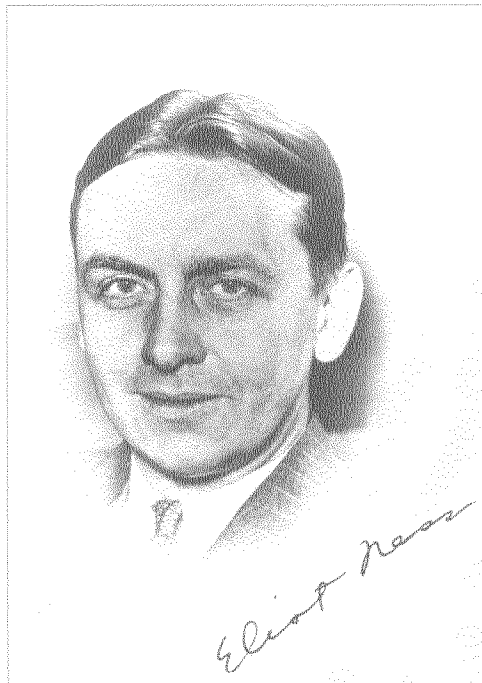
The Prohibition Era illustrated the complexity of imposing a public policy for commodities steeped in controversy that had revenue implications, yet also associated with significant criminal activity. Corruption, gang slayings, "bootlegging" and "moonshining" flourished. In response to the growing problem, special squads were formed from the Bureau of Prohibition to go after the emerging criminal empires. One of the best known was headed by Eliot Ness in Chicago. With the passage of the 21st Amendment in 1933, repealing prohibition, an Alcohol Tax Unit was created within the Bureau of Internal Revenue and the Federal Alcohol Administration Act was passed in 1935. This act created licensing and permit requirements and established regulations designed to ensure an open and fair marketplace and extended certain protections to consumers.

In 1934, Congress passed the National Firearms Act controlling "gangster type weapons" such as machine-guns and sawed-off shotguns. This law was followed in 1938 by America's first Federal gun control law, the Federal Firearms Act, which established limited regulation of the firearms industry. The Act made it a Federal crime for felons and fugitives to receive firearms in interstate commerce. Until 1940, a separate Federal Alcohol Administration in Treasury enforced the Federal Alcohol Administration Act. In that year, it merged with the Alcohol Tax Unit, successfully combining related law enforcement and regulatory authorities in a pattern that continues in ATF today.

In 1951, tobacco tax duties were also delegated to the Alcohol Tax Unit and the unit's title was changed to the Alcohol and Tobacco Tax Division within the Internal Revenue Service. The division now enforced the laws for alcohol, tobacco and firearms.

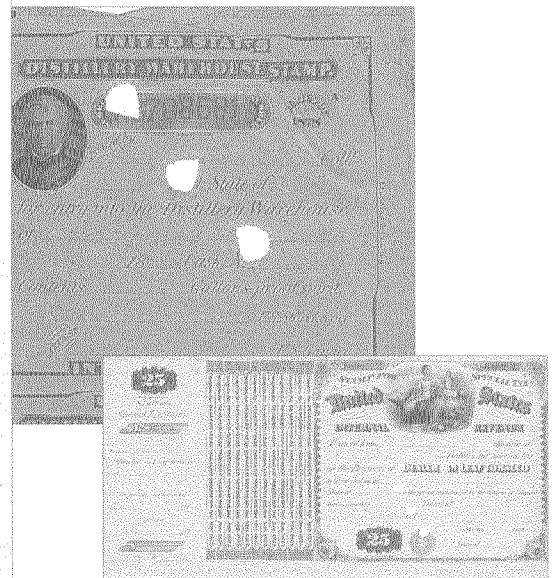
Against the background of rising crime rates and the assassinations of President Kennedy, Senator Robert Kennedy and Martin Luther King, Jr., greater focus on the problem of violence resulted in stricter firearms laws. The Omnibus Crime Control and Safe Streets Act of 1968 and the subsequent Gun Control Act of 1968, which absorbed the firearms provisions of the Omnibus Act, replaced the Federal Firearms and National Firearms Acts of the 1930's. Bombs and other destructive devices were added to machine-guns and sawed-off shotguns as items strictly controlled by the government, and the

Alcohol and Tobacco Tax Division was given the first Federal jurisdiction directed at criminal use of explosives. The Gun Control Act also created stricter licensing and regulation of the firearms industry and established new categories of offenses involving firearms. The Alcohol and Tobacco Tax Division was again renamed as the Alcohol, Tobacco and Firearms Division of the Internal Revenue Service to reflect an expanding scope of responsibilities.

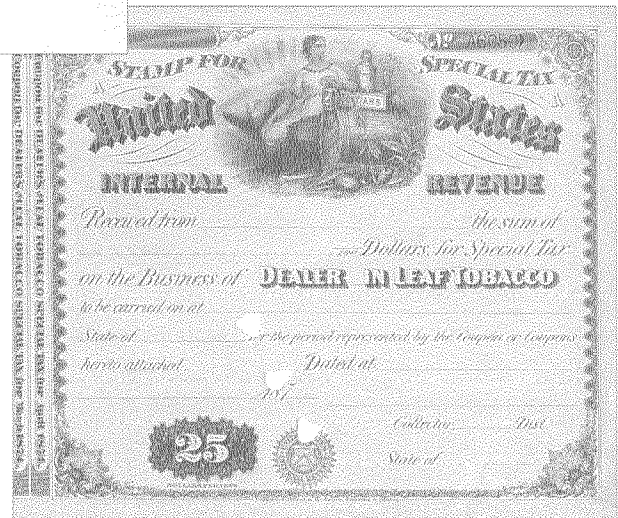


Alcohol, Tobacco and Firearms Division was clearly the agency with the primary experience and organization to administer the new law.

It soon became apparent that the Alcohol, Tobacco and Firearms Division was responsible for interrelated activities whose scope was clearly distinguishable from the primary missions of the Internal Revenue Service. Therefore, on July 1, 1972, ATF was separated from the Internal Revenue Service and given full Bureau status within the Department of the Treasury.



By the end of the 1960's, the Federal Government's almost 200-year-long war against "moonshining" had been reduced by economics and effective enforcement to only sporadic skirmishes. While industry regulation and tax collection remained vitally important, the Alcohol, Tobacco and Firearms Division's law enforcement resources were being redeployed in the battle against organized crime and criminal violence. In 1970, the Organized Crime Control Act was passed by Congress containing provisions for both strict industry regulation and establishing certain bombings and arson as Federal crimes. Again, the

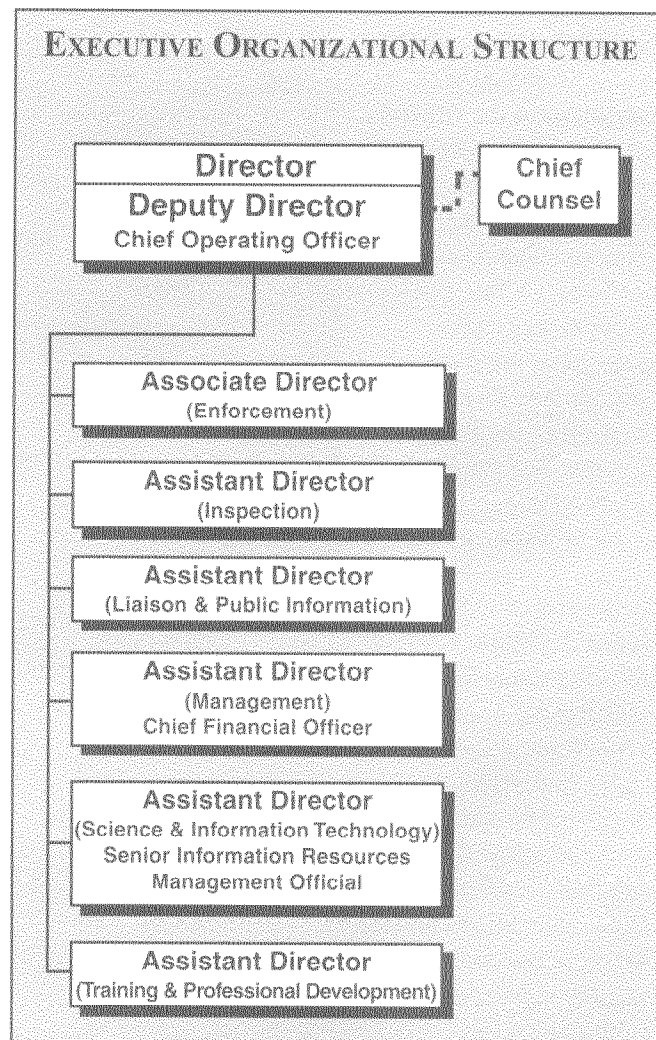


## ORGANIZATIONAL PROFILE

In the past two years, the ATF organization was restructured to achieve closer coordination between the Bureau's criminal and regulatory missions, enhance teamwork, and enable the agency to operate more effectively and efficiently. These organizational changes include major initiatives in areas such as training, strategic planning, equal opportunity, internal operations reviews, administrative management, and technology. On September 30, 1995, there were 4,072 full-time ATF employees on duty working within the following organizational structure:

- **Bureau Headquarters**, Washington, DC, develops major policies and programs in accordance with applicable laws and regulations. The ATF executive structure, located at Headquarters, consists of the Director, Deputy Director, Chief Counsel, Associate Director for the Office of Enforcement, and the Assistant Directors for the Offices of Inspection, Liaison and Public Information, Management, Science and Information Technology, and Training and Professional Development.
- **Office of Enforcement** includes both Criminal Enforcement and Regulatory Enforcement functions with offices in every major U.S. city, as well as in Mexico, Canada, and Colombia. The enforcement field structure consists of:
  - 5 Regulatory Enforcement District Offices that implement major policies and programs relating to tax statutes and civil actions involving the regulated industries; provide oversight and coordination to all ATF field regulatory enforcement operations.
  - 24 Criminal Enforcement Field Division Offices that implement major policies and programs, provide coordination between regulatory and criminal enforcement investigations; and assist other Federal, State and local law enforcement officials with alcohol, tobacco, firearms, explosives and arson investigations.

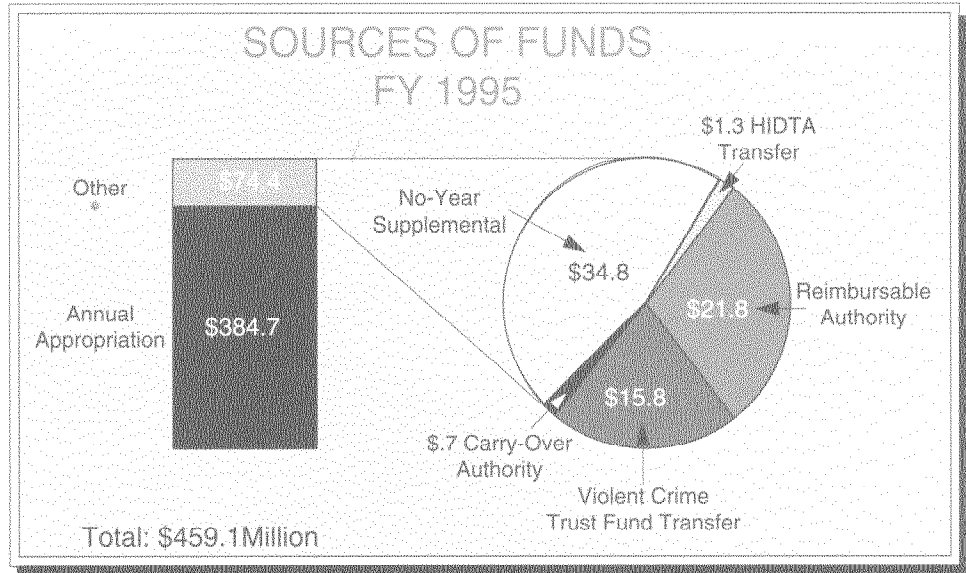
- **National Tracing Center**, Falling Waters, West Virginia, the only facility of its kind in the United States, provides 24-hour tracing assistance to Federal, State, local and foreign law enforcement agencies investigating violent crimes involving firearms.
- **Firearms & Explosives Licensing Center**, Atlanta, Georgia, processes all Federal license applications and operating permits for firearms and explosives. The Licensing Center is also the repository for all ATF inspection reports on licensees and permittees.



## FUNDING

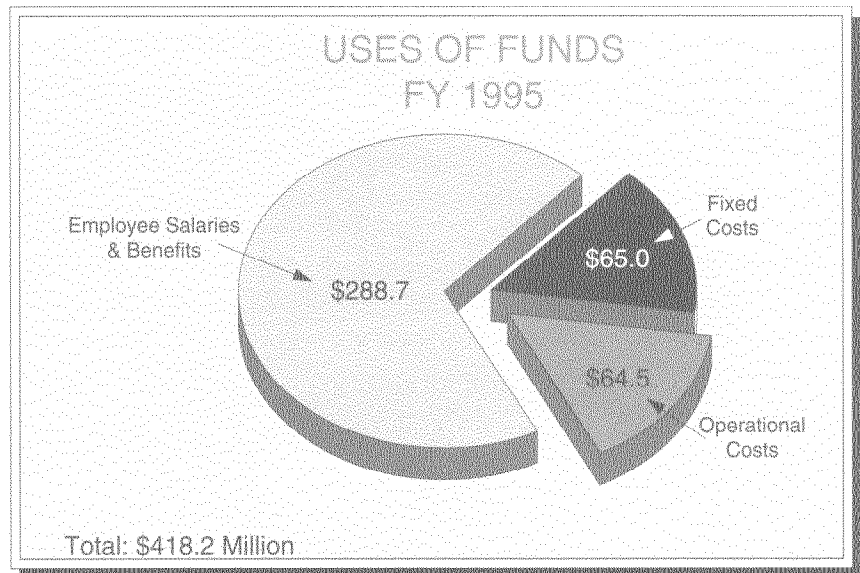
### Sources of Funds

The total budgetary authority available for use by ATF in FY 1995 was \$459.1 million. Of that amount, the Congress appropriated \$384.7 million for the Bureau's operations and an additional \$74.4 million was available from other sources. These other sources included \$34.8 million in No-Year\* Supplemental funding authorized by Public Law 104-19 (Anti-Terrorism Legislation); appropriations transfers of \$1.3 million from the Office of National Drug Control Policy to support ATF efforts in High Intensity Drug Trafficking Areas (HIDTA); \$21.8 million in reimbursable authority from other government agencies; \$15.8 million from the Department of Justice's Violent Crime Trust Fund (comprised of \$8.8 million for the Gang Resistance Education and Training (GREAT) Program and \$7.0 million for the Violence Reduction Alliance); and additional resources of \$.7 million from prior year carryover funds.



### Uses of Funds

ATF incurred obligations of \$418.2 million during FY 1995. Of that amount, \$288.7 million or 69 percent was obligated for employee salaries and benefits. An additional \$65.0 million or 16 percent was obligated for fixed costs, such as rent and communications. The remaining \$64.5 million or 15 percent was obligated for day-to-day program operational costs such as travel, transportation, supplies, and equipment. Of the remaining \$40.9



million in budget authority that was not obligated in FY 1995, \$35.0 million will be available in no-year authority to fund critical needs in FY 1996. The Bureau requested Congressional approval to use an additional \$.7 million in expired FY 1995 annual appropriation authority to fund FY 1996 mission requirements. The remaining \$5.2 million, which represents only 1 percent of the FY 1995 budget authority, will not be available for use in future years.

\* The \$34.8 million No-Year Supplemental was provided to ATF in the last month of the fiscal year and was intended for obligations during subsequent fiscal years.