

**Supporting Statement
for
Vessel Documentation
(as modified by USCG-2005-20258)**

A. Justification

1. Circumstances making collection of information necessary.

Federal documentation is a type of national registration which serves to establish a vessel's: (a) nationality; (b) eligibility to engage in a particular employment; and (c) eligibility to become the object of a preferred ship's mortgage. In the field of international commerce, documentation establishes the nationality of a vessel and confers the privileges, protections, and immunities contemplated by longstanding international law and custom. The availability of capital for maritime financing hinges upon the existence of the preferred mortgage as security for loans against vessels. The collection and recordkeeping of information concerning the documentation of vessels is promulgated in the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313.

This information collection ensures compliance with vessel documentation regulations (46 CFR parts 67 & 68) by including the lease finance options as reflected in the amendments provided by Congress under the Coast Guard and Maritime Transportation Act of 2004 (Pub. L. 108-293). These regulations address statutory amendments eliminating certain barriers to seeking foreign financing by lease for U.S.-flag vessels. They clarify the information needed to determine the eligibility of a vessel financed in this manner for a coastwise endorsement.

This information collection supports the following strategic goals:

Coast Guard

- Mobility

Prevention Directorate (G-P)

- Economic Growth and Trade/Mobility: Reduce interruptions and impediments that restrict the economical movement of goods and people, while maximizing safe, effective, and efficient waterways for all users.

2. By whom, how, and for what purpose is the information to be used.

The information collected will establish the eligibility of a vessel to: (a) be documented as a "vessel of the United States;" (b) engage in a particular trade; and/or (c) become the object of a preferred ship's mortgage. These determinations will be made by a documentation officer of the United States Coast Guard or other authorized Coast Guard officials by comparing the information collected with the various statutory requirements imposed by the Shipping Act of 1916, as amended, section 27 of the

Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313. The information requested is needed to make the above-mentioned determinations, without which a vessel would be denied eligibility for benefits as listed. Also, non-maritime agencies such as the Internal Revenue Service rely on this information in determining eligibility for investment tax credits and the like.

This information collection determines if the entities that desire to avail themselves of the lease finance provisions are eligible for a coastwise endorsement in accordance with the Coast Guard and Maritime Transportation Act of 2004 (Pub. L. 108-293) statutory amendments.

3. Consideration of the use of improved information collection technology.

The information collected and the recordkeeping are required by law and serves as evidence of a vessel's eligibility for benefits as a vessel of the United States. The USCG forms pertaining to this information collection can be downloaded from the Coast Guard Web site at -- <http://www.uscg.mil/hq/g-m/vdoc/genpub.htm>. The Coast Guard has promulgated rules to permit facsimile filing of certain instruments and forms. We estimate that at this time 1% of the reporting and recordkeeping requirements are done electronically.

4. Efforts to identify duplication. Why similar information cannot be used.

There are no other Federal agencies with similar programs. Other agencies involved in maritime affairs (i.e., Maritime Administration (MARAD)) collect no similar information and in many cases must rely upon the information collected in connection with the documentation of vessels. There is no similar information available that could be used or modified for these purposes.

5. Methods to minimize the burden to small entities if involved.

The information collection will involve some small organizations, including small businesses, individuals, non-profit organizations, municipal governments, small shipbuilders, boat dealers, and lending institutions. Due to various statutory requirements imposed by the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313, the minimum number of requirements and the collection of information is consonant with the current statutes, the possibility of differing compliance or reporting requirements or timetables for small entities is precluded.

6. Consequences to the Federal program if collection were conducted less frequently.

The frequency of submission of information is the minimum consistent with the maintenance of internal records and enforcement of substantive laws in effect. Presently, the regulations clearly mandate the frequency of use, and changing the requirements would make the regulations less effective.

7. Explain any special circumstances that would cause the information collection to be conducted in a manner inconsistent with guidelines.

The records are kept for an indefinite period of time due to the historical nature of the data recorded on the vessels for establishing the eligibility of a vessel as a “vessel of the United States” to engage in a particular trade and/or become the object of a preferred ship’s mortgage as prescribed by statutory requirements imposed by the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313; and for establishing the eligibility of a vessel seeking foreign financing by lease for coastwise endorsement prescribed by statutory requirements in the Coast Guard and Maritime Transportation Act of 2004 (Pub. L. 108-293).

8. Consultation.

Opportunity for public comment was provided in the “Vessel Documentation: Lease-Financing for Vessels Engaged in the Coastwise Trade” rulemaking [USCG-2001-8825]. A Notice of Proposed Rulemaking was published on May 2, 2001 (66 FR 21902). A Supplemental Notice of Proposed Rulemaking (SNPRM) was published August 9, 2002 (67 FR 51804). No COI-related comments were received. A Final Rule was published on February 4, 2004 (69 FR 5390).

New opportunity for public comment was provided in the “Vessel Documentation: Lease Financing for Vessels Engaged in the Coastwise Trade” rulemaking [USCG-2005-20258]. A Notice of Proposed Rulemaking was published on February 15, 2006 (71 FR 7897). No COI-related comments were received. A Final Rule was published on October 18, 2006 (71 FR 61413).

9. Explain any decision to provide any payment or gift to respondents.

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality of information.

The information collected is generally not of a type considered confidential by those supplying it. However, those forms requiring confidential information have a “Privacy Act” statement on them. The respondent furnishes any confidential information on a voluntary basis for benefits.

11. Additional justification for any questions of a sensitive nature.

The information collected is not sensitive.

12. Estimate of reporting and recordkeeping hour and cost burdens of the collection of information.

- The estimated number of respondents is **180,060** (180,035 + 25).

- The estimated number of responses for is **247,788** (247,730+58)
 - The estimated annual hour burden on the public is **50,531** (50,512+19)
 - The estimated cost burden for the first year is **\$1,273,859** (1,262,800+11,059)
- a) Burden as a result of vessel documentation provisions in the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313.

The **estimated number of respondents is 180,060**. This figure is based upon the total number of documented vessels in existence and historical data concerning the number of new applications for previously documented vessels which might reasonably be expected on an annual basis, and the estimated number of entities availing themselves of the amended lease finance provisions. The existing OMB-approved number of respondents, as adjusted on February 4, 2004, is 180,035. The Lease Financing rule increases the number of respondents in this OMB-approved collection by 25.

The **annual hour burden on the public is 50,531**. This burden represents the sum of the burden hours calculated for each form, and the administrative work required by the application for a coastwise endorsement for vessel owners under a demise charter.

The average burden is expressed as follows:

Burden as a result of vessel documentation provisions in the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313.				
	Submissions per year (#)	Time to complete (minutes)	Burden hours	Cost @ \$25/hour
CG-1258	30,000	30	15,000	375,000
CG-1261	21,000	30	10,500	262,500
CG-1280	155,000	5	12,917	322,925
CG-1340	30,000	20	10,000	250,000
CG-1356	750	20	250	6,250
CG-4593	2,400	10	400	10,000
CG-5542*	8,400	10	1,400	35,000
MA-899	180	15	45	1,125
TOTAL**	247,730		50,512	\$1,262,800

* Optional form

** Sum totals may be rounded from exact numbers

Please note that forms CG-1270, CG-1280A, and CG-1280B are not listed above because the vessel owner's maintenance of these forms is negligible; therefore, no burden is associated with these.

The frequency of responses is estimated to be approximately 1.38 per annum per respondent. This estimate is based upon historical data accumulated under the documentation per respondent, and will vary considerably depending on the respondent

and the number of vessels owned. We considered using personnel within the Coast Guard who were unfamiliar with the form to arrive at an hour estimate to complete an individual form. This hour estimate was then multiplied by the approximate number of annual responses anticipated per form to arrive at an estimate of the time, which the public might reasonably be expected to consume in the course of a year. In calculating the cost of the information collection to the public a value of \$25 per hour was placed on the public's time. Business overhead and the necessity for professional assistance in completing the forms associated with more complex transactions have been factored into the dollar estimate.

b) Burden as a result of vessel documentation provisions in the Coast Guard and Maritime Transportation Act of 2004 (Pub. L. 108-293).

Under rulemaking [USCG-2005-20258], an estimated number of 25 entities will avail themselves of the amended lease finance provisions. Whenever an entity seeks to qualify to engage in the coastwise trade under 46 U.S.C. 12106(e), a qualified entity amends the charter, or the demise charterer sub-charters the vessel by demise charter.

Burden as a result of vessel documentation provisions in the Coast Guard and Maritime Transportation Act of 2004 (Pub. L. 108-293)				
Paperwork in 46 CFR part 68	Submissions per year (#)	Time to complete (minutes)	Burden hours	Cost
Lease Financing (OSV applications for 1 st year)	33	30	16.5	
Lease Financing (annual certifications per year incl. 1 st year)	25	5	2	
TOTAL	58		19	*\$11,059

* For a detailed explanation of the estimated cost, see the Regulatory Assessment for the rulemaking [USCG-2005-20258].

13. Estimate of annualized capital and start-up costs.

There are no annualized capital and start-up costs.

14. Estimate of annualized Federal Government costs.

The Coast Guard vessel documentation program will be unable to function according to the statute without the additional information collected from these forms. We are including the entire cost of the program as annualized cost to the Government.

We determined in the current supporting statement that there were 96 Full-Time Equivalents (FTE) consumed annually by the vessel documentation program in the field. By applying hourly standard rates provided in the Coast Guard Standard Rate Instruction (Commandant Instruction (COMDTINST) 7310.1 series) and the Coast Guard Staffing Standards Manual (COMDTINST M5312.11), the Coast Guard calculated the National Vessel Documentation Center (NVDC) program cost to be approximately \$7.2 million. In addition, we added National Maritime Center services provided to the NVDC which value at about \$11,000 per year.

The potential burden to the Federal Government as a result of the Lease Financing for Vessels Engaged in the Coastwise Trade rulemaking will include Coast Guard's personnel time and resources to review documents verifying compliance of affected entities and issuing a coastwise endorsement for a vessel under a demise charter.

Government GS-9 civilian employees are expected to spend no more than 30 minutes in the process of reviewing additional documents and verifying compliance of an affected entities and issuing a certificate of documentation.

We calculated the addition annual hour burden above on the government at: 36 responses x 0.5 hours per response = 18 hours. This is an increase from 210 government hours in the current supporting statement to 228 government hours.

The Coast Guard estimates wages for GS-9 personnel at \$41 per hour (based on Hourly Standard Rates for Personnel –COMDTINST 73101.11). We calculated the annual burden in dollars on the government at: 36 responses x 0.5 hours per response x \$41 per hour = \$738. This is an increase from \$8,610 in the Feb. 2004 supporting statement to \$9,348.

15. Explain the reasons for change in burden.

The change in burden is a PROGRAM CHANGE due the Lease Financing for Vessels Engaged in the Coastwise Trade rulemaking [USCG-2005-20258].

16. For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication.

There are no plans to use statistical analysis or to publish this information.

17. Explain the reasons for seeking not to display the expiration date for OMB approval of the information of collection.

This program is recurring, and the requirements and forms will not change.

18. Explain each exception to the certification statement.

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods

This information collection does not employ statistical methods.