

**Supporting Statement  
for  
Direct User Fees for Inspection or Examination of  
U.S. and Foreign Commercial Vessels**

**A. Justification.**

**1. Circumstances that make the collection of information necessary.**

The Omnibus Budget Reconciliation Act of 1990 (the Act) amended 46 U.S.C. 2110 and removed long-standing prohibitions against imposing certain user fees. As amended by the Act, 46 U.S.C. 2110 now requires the collection of user fees for Coast Guard services (such as inspection services) provided under Subtitle II of Title 46, U.S.C. Regulations in 46 CFR 2 address user fees for Coast Guard inspections or examinations of existing U.S. and foreign commercial vessels.

This information collection supports the following strategic goals:

Department of Homeland Security

- Prevention
- Protection

Coast Guard

- Safety
- Protection of Natural Resources

Prevention Directorate (CG-3P)

- Safety: Eliminate deaths, injuries, and property damage associated with commercial maritime operations.
- Human and Natural Environment: Eliminate environmental damage associated with maritime transportation and operations on and around the nation's waterways.
- 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 the information is to be used.**

The Coast Guard is required to charge fees, and must have certain minimal information to credit payments to specific vessels. This information includes, among other things the vessel Official Number (ON) and the name of the vessel.

Requirements are also in place for those owners who choose to pay the annual inspection fee for a period of three years or more years. This requires the owner to submit a written request to Coast Guard Headquarters specifying the ON and the period for which prepayment is to be made (However, it should be noted that vessel owners typically pay on an annual basis). The entitlement to inspection services may not be transferred to any other vessel.

Also, if the vessel is permanently removed from Coast Guard certification, the owner may seek a refund of the remaining prepayment amount by submitting a written request (payments in advance for more than six months are normally refunded to the owner). Moreover, a refund is given if a fee has been paid and the Certificate of Inspection (COI) is deactivated prior to the user fee anniversary date and will not be reactivated before the next anniversary date. Refunds are not issued if a vessel is taken out of service before the anniversary date. The request for a refund must be submitted to the Officer-in-Charge, Marine Inspection (OCMI) to whom the COI is surrendered.

Organizations seeking exemption from the annual inspection fee for their vessels must also submit a written request for exemption to the OCMI of the Marine Inspection Zone in which the vessel normally operates. It should include the vessel name, the VIN and evidence of the organization's charitable or non-profit nature. The information must demonstrate that the vessels are used exclusively for training youths in boating, seamanship and navigation skills if the exemption is sought on the grounds that the vessel's purpose is youth oriented, vessels owned or operated by the Federal government, and vessels providing medical services.

Finally, a new requirement is established for Federal agencies owning inspected vessels for which fees would be paid directly using Federal funds. The Coast Guard will waive these fees. However, the Federal agencies seeking these exemptions must still give the Coast Guard the name and vessel identification number (VIN) of the vessels to be exempted by October 1 of each year. Requests for waivers and/or exemptions are typically received through e-mail or correspondence.

If the required information and payment of fees is not provided, the Coast Guard may not be able to determine which vessel the payment is for, or resolve problems if discrepancies occur, such as out of balances, overpayments, underpayments, and payments returned due to insufficiency of funds. This would result in additional burdens being placed on vessel owners and operators, and on the Coast Guard. It could also result in unnecessary delays to vessels if inspection services are withheld pending verification of payment. Furthermore, accounting problems would probably develop that would hinder future collection of fees.

Other information requirements will apply only to a relatively small number of vessel owners or operators who will request a refund, waiver, exemption, or seek to prepay the fees for multiple years. Without the additional information provided by the vessel owner or operator, the Coast Guard would not have enough information to process the request or make a proper determination related to the benefit the vessel owner or operator seeks.

### **3. Consideration of the use of improved information technology.**

The Coast Guard used data collected in its Marine Information for Safety and Law Enforcement (MISLE) system to develop a single annual fee for its inspection services and a computerized payment tracking system. This was necessary instead of trying to custom tailor each fee to each vessel in an effort to keep costs to the Coast Guard, as well as to vessel owners and operators, down.

We estimate that 100% of the reporting requirements can be done electronically. At this time, we estimate that approximately 20% of the responses are collected electronically (fax).

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

The user fee collection of information is not duplicated elsewhere. There are no other forms or similar information available elsewhere for the purpose of collecting the fees.

### **5. Methods to minimize the burden to small businesses if involved.**

The Coast Guard has taken practicable steps to develop simplified requirements for vessel owners and operators to minimize information collection burdens. Most of the small businesses or other small entities impacted by this rule belong to the small passenger vessel industry. These small vessel owners are required to pay an annual inspection fee.

Aside from a user-friendly notification letter, the Coast Guard has put into place a modern and efficient payment collection program. Through the computer tracking system, payment histories can be updated within one business day of receipt.

### **6. Consequences to the Federal program if collection were not done or conducted less frequently.**

The requirement to collect fees annually is mandated by law. The Coast Guard cannot manage the collection of fees without the information concerning the vessel name, VIN and other identifying information.

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

Information is collected in a manner that is consistent with the guidelines.

### **8. Consultation**

A 60-day Notice was published in the *Federal Register* to obtain public comment on this collection. (See USCG-2006-26741; January 9, 2007; 72 FR 970). The USCG has not received any comments on this information collection.

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

No payment or gifts of any kind are provided to respondents.

**10. Describe any assurance of confidentiality provided to respondents.**

No assurance of confidentiality is provided to respondents. Since payments are mailed to Bank of America, normal safeguards employed to protect personal financial information.

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

There are no issues of a sensitive nature involved in this information collection.

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

Estimates of the information collection burden are based on Coast Guard informal in-house consultations and experience. The average time for responses and special requests has not changed. The **estimated total annual burden for respondents is 4,268 hours** as shown in Table 1, and **the estimated total number of respondents is 18,980.**

**Table 1: Total Responses and Hour Burden to Respondents**

Action	No. of responses	Average hours/response	Hours
<b>Fee Payments</b>			
Reading notification and making payment	14,442	.15	2,166
Reading payment receipt letter	14,442	.05	722
Fee for overseas inspections	176	.10	18
Foreign Tank Vessels and Mobile Offshore Drilling Units	2,049	.10	205
<b>Special Requests</b>			
Exemptions & Waivers	660	0.5	330
Prepayments	1,487	0.5	744
Refunds	166	0.5	83
<b>Total</b>	<b>33,422</b>		<b>4,268</b>

The **estimated annual cost to respondents is \$182,506** shown in Table 2. The cost to most respondents will be related to mailing a check, money order or CC info to Bank of America once a year. The handling of this correspondence requires clerical personnel (equivalent to Petty Officer Third Class (E-4)) for which the standard rate is \$40 per hour, in accordance with COMDTINST 73101I. Other costs associated with this

collection are incurred by respondents who submit special requests. These special requests by respondents require the preparation of a letter and photocopies of documents for exemption requests.

**Table 2: Total Cost to Respondents**

Cost of mailing payment	14,442 x \$.39 = \$5,632
Personnel costs of handling correspondence	4,268 hrs at \$40/hr = \$170,720
Cost of mailing special requests	2,313 x \$.39 = \$902
Cost of personnel preparing special requests	1,157 hrs at \$40/hr = \$46,280
Copying costs in preparing exemption & waiver requests	660 x \$1.00 = \$660
<b>Total Cost</b>	<b>\$224,194</b>

**13. Estimates of annualized capital and start-up costs.**

There are no annualized capital or start-up costs to respondents.

**14. Estimates of annualized Federal Government costs.**

The total hourly burden for the Federal Government is shown in Table 3.

**Table 3: Total Hour Burden to Federal Government**

Action	No. of responses	Average hours/ response	Hours
<b>Fee Payments</b>			
Verifying daily bank report for: payments; fees for overseas inspections; Foreign Tank Vessels and Mobile Offshore Drilling Units	14,442 + 176 + 2,049 = 16,667	.15	2,500
<b>Special Requests</b>			
Exemptions & Waivers	660	2.5	1,650
Prepayments	1,487	0.5	744
Refunds	166	2.5	415
<b>Total</b>	<b>18,980</b>		<b>5,309</b>

The **estimated total annual cost to the Federal Government is \$357,115**, shown in Table 4. This includes the cost for 5,309 annual hours of work equivalent to a GS-13 User Fee Collection Technician at an hourly wage of \$66/hour per COMDTINST 7310.1I, plus the cost paid to a subcontractor to print and mail the letters and printer maintenance.

**Table 4: Total Cost to Federal Government**

<b>Expense Item</b>	<b>Estimated Cost</b>
Personnel (support staff)	\$350,394
Printing and mailing of letters	\$6,721
<b>Total Cost</b>	<b>\$357,115</b>

**15. Explain the reasons for the change in burden.**

The change in burden is an ADJUSTMENT due to an increase in the size of the inspected fleet.

**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. Approval to not display expiration date.**

We are not seeking such approval. The OMB Number will appear on appropriate PRA disclosure information.

**18. Explain each exception to the certification statement.**

There are no exceptions to the certification statement.

**B. Collection of Information Employing Statistical Methods.**

This collection does employ statistical methods.