

Supporting Statement  
for  
Information Collection Request

Information Requirements for Importation of Nonconforming Vehicles (Renewal)

EPA ICR 0010.11

December 2006

Compliance and Innovative Strategies Division  
Office of Transportation and Air Quality  
Office of Air and Radiation  
U.S. Environmental Protection Agency

## PART A OF THE SUPPORTING STATEMENT

### 1. IDENTIFICATION OF THE INFORMATION COLLECTION

#### (a) TITLE OF THE INFORMATION COLLECTION

Information Requirements for Importation of Nonconforming Vehicles, OMB Control Number 2060-0095, ICR 0010.11.

#### (b) SHORT CHARACTERIZATION (ABSTRACT)

The Clean Air Act requires motor vehicles and engines imported into the U.S. to conform to applicable emission requirements. This Information Collection Request covers importation reporting requirements for light-duty vehicle, light-duty truck, and on-road motorcycle vehicles and engines. The information collection instruments are Form 3520-1 (“Form 1”) for initial entry, and Form 3520-8 (“Form 8”) for final entry (see below). All heavy-duty on-road and all non-road vehicle and engine importation reporting requirements are now covered by EPA ICR Series 1723 (OMB 2060-0320). The two programs use separate forms, have differing regulatory provisions, and are processed by differing staffs. Most importers are also required to apply for and obtain a certificate of conformity from EPA; that information burden for the light-duty and motorcycle certification program is covered by EPA ICR Series 0783 (OMB 2060-0104). There is some overlap between the present ICR and 0783 because testing for Independent Commercial Importers (ICIs) is reported both on Form 8, covered by this ICR, and, initially, and in more detail, for certification via ICR 0783. (Similarly, all importing light-duty vehicle and motorcycle manufacturers, and not just ICIs, use Form 1.) Thus, the certification information burden is covered in ICR 0783 and the (different and less detailed) testing burden for imports subsequent to certification in this ICR.

Rather than attempting to allocate the fees for light-duty vehicle and motorcycle imports between initial certification fees and additional fees upon importation of additional vehicles under a certificate (most ICIs pay reduced fees and therefore pay additional 1% fees upon each additional import) the entire import fees burden is included under ICR 0783. The burden of submitting the fee and associated forms is covered by EPA ICR Series 2080 (OMB 2060-0545).

The post-certification, final-entry testing burden for light-duty vehicle imports falls into two categories. For regular light-duty ICIs, a city test (the “FTP”) is required for every third vehicle imported under a certificate for the first 300 vehicles imported, and every fifth thereafter (40 CFR 85.1505). The other light-duty imports category is “mod and test”, which applies to vehicles whose original production year is six or more prior to the year of importation. Each such vehicle must be modified to meet applicable emissions requirements and tested with the FTP (40 CFR 85.1509). In the first case, each FTP test will be accompanied by a 2-hour evaporative emissions test, in the second case by an

OBD (on-board diagnostics) demonstration, and in both cases by a highway test in order to compute a combined fuel economy number to comply with gas guzzler fuel economy requirements. Form 8 includes spaces for reporting the test results and combined fuel economy for those vehicles that undergo them. For motorcycle imports, no additional testing is required beyond the original certification testing. Only four nonconforming motorcycles have been imported in the last two years.

Most ICIs contract with a broker to do some of the imports process and a testing laboratory to perform the necessary tests. The testing lab also performs whatever modifications are necessary to bring the vehicle up to certification standards.

The Compliance and Innovative Strategies Division (CISD) in EPA's Office of Transportation and Air Quality collects information and requires some recordkeeping to help insure that imported vehicles and engines are brought into compliance with federal emission requirements or that they qualify for exemption or exclusion from them. "Nonconforming" refers to the vehicles and engines that are not constructed to EPA certification standards and therefore must meet various additional requirements, such as testing, prior to being certified and available for sale in the U.S. The information is also used by the U.S. Customs Service (Customs), state regulatory agencies, businesses, and individuals to verify whether or not vehicles are in compliance.

Information collected includes vehicle identification data, U.S. Customs entry statements that such information is correct, and summary emission test results. The information is either stored in a computer database, or retained in document form. The information is used to monitor compliance of imports and respond to inquiries from the public concerning the compliance status of specific imported vehicles. This information is collected on two forms (attached):

- EPA Form 3520-1. This form is used by importers who are applying for entry into the U.S. of light-duty vehicle, light-duty truck, and motorcycle vehicles or engines, whether conforming, nonconforming, exempt, or excluded. The form identifies to all parties involved the category of import and the requirements that are appropriate to that category. The form goes from the importer or its agent (broker) to Customs, which stamps the form and forwards it in batch to EPA. EPA gathers the forms in Ann Arbor where they are logged and filed for future reference.
- EPA Form 3520-8. This form is used by ICIs to request "final admission" of a nonconforming vehicle or engine upon their certification that it has been brought into compliance with Federal emission requirements. The form is held for fifteen days, during which the ICI can not release the vehicle for sale or to its owner. This gives EPA a chance to conduct any review or oversight, including confirmation testing, deemed necessary before the vehicle or engine is released.

The information collection will involve an estimated yearly 12,352 responses from 12,005 respondents at an O&M cost of \$1,780, a capital cost of \$104,790, and a labor cost of \$431,765.

## **2. NEED FOR AND USE OF THE COLLECTION**

### **(a) NEED/AUTHORITY FOR THE COLLECTION**

Joint EPA and Customs regulations at 40 CFR 85.1501 et seq., 19 CFR 12.73, and 19 CFR 12.74, promulgated under the authority under the Clean Air Act (Sections 203 and 208), give authority for the collection of the information. The collection helps insure compliance of imported vehicles and engines with federal emissions requirements, which helps meet the Agency goal of reducing air pollution. Without this information, EPA could not confirm that imported vehicles and engines conform to U.S. emission requirements, and consequently would not be able to allow importation or sale of these vehicles and engines.

### **(b) PRACTICAL UTILITY/USERS OF THE DATA**

CISD receives the forms, and the information on them is used by Agency personnel to verify that all Federal emission requirements (or exemptions or exclusions thereto) concerning imported nonconforming light-duty motor vehicles and motorcycles are met. The information is also used to identify and prosecute violators of the regulations and to monitor the program in achieving the objectives of the regulations. It is also used to answer public inquiries concerning the compliance or exempted or excluded status of particular motor vehicles. Public access to this information is not direct but rather through the Automotive Imports Helpline in order to maintain security of information protected under the Privacy Act.

## **3. NONDUPLICATION, CONSULTATIONS, AND OTHER COLLECTION CRITERIA**

### **(a) NONDUPLICATION**

A search of the Government Information Locator System (GILS) found no other program or agency collecting this information. As explained above, Form 1 is necessary to identify, at the point of importation, the applicable category of the vehicle or engine for regulatory purposes, and to receive Customs acknowledgement thereof; Form 8 is necessary to report test results to EPA (where required) and alert it of pending release to the owner. As stated on Form 1, vehicles that are primarily manufactured for use on public roads are also required to file an HS-7 Declaration Form to identify the basis for the vehicle's admission under the laws administered by the Department of Transportation. EPA had discussions with the Department in late 2005 that considered whether a combined form would be feasible, and the conclusion was that a single form was not practical at this time because of the unique requirements of each program and the different agencies administering them.

(b) PUBLIC NOTICE

A Federal Register notice has been published, soliciting public comment for this ICR on September 14, 2006 (71 FR 54280); no comments were received.

(c) CONSULTATIONS

Consultations have been made with ICIs to discuss form revisions, to update burden and cost estimates, and to receive suggestions about the operation of the program. The following ICIs were contacted:

Auto Enterprises, Inc.  
850 N. Rochester Rd.  
Clawson, MI 48017  
Rep: Mr. Philip Trupiano  
Phone: (248) 723-6677

J.K. Technologies , L.L.C.  
3500 Sweet Air Street  
Baltimore, MD 21211  
Rep: Mr. Jonathan Weisheit  
Phone: (410) 366-6332

Compliance and Research Services, Inc.  
1701 Front Street  
Plainfield, NJ 07063-1066  
Rep: Bob DePalma  
Phone: (908) 561-1824

(d) EFFECTS OF LESS FREQUENT COLLECTION

Since reporting is done only at the time of initial and “final” entry, the effects of less frequent collection would be to seriously undermine the Agency's ability to determine whether vehicles being imported meet applicable emission requirements. Consequently, the Agency would not be able to allow entry of vehicles being imported. Therefore, less frequent collection is not feasible.

(e) GENERAL GUIDELINES

This ICR requires that ICIs notify EPA when requesting final admission for vehicles (Form 8) and this may occasionally result in reporting more often than quarterly if vehicles are tested and ready for sale more frequently than quarterly. This requirement is necessary for EPA to inspect vehicles prior to release from the ICI. If EPA only required quarterly reports, either the ICI would have to hold vehicles and release them on a quarterly basis or EPA would not likely have the opportunity to inspect or require confirmatory testing of vehicles imported by the ICI.

EPA's regulations require that ICIs retain records for a period of six years from the date of entry (40 CFR 85.1507(a)). ICIs are responsible for the same emissions warranties that apply to original manufacturers, generally extending to 8 years or 80,000 miles for major emission control components. The Clean Air Act requires that light-duty vehicles meet federal emission standards throughout their useful lives, which is defined by the Clean Air Act to be 10 years or 100,000 miles (Sec. 202(d)); these requirements are implemented through the certification process for ICIs just as they are for original manufacturers. The imports regulations specify that the useful life period starts from the date that the vehicle is released to the owner by the ICI. The six year record retention requirement is the minimum considered consistent with these obligations.

(f) CONFIDENTIALITY

Any information submitted to the Agency for which a claim of confidentiality is made will be safeguarded according to policies set forth in Title 40, Chapter 1, Part 2, Subpart B - Confidentiality of Business Information (see CFR 2). The public is not permitted access to information containing personal or organizational identifiers. This collection complies with the Privacy Act of 1974 and OMB Circular A-130.

(g) SENSITIVE QUESTIONS

There are no sensitive questions.

#### **4. THE RESPONDENTS AND THE INFORMATION REQUESTED**

(a) RESPONDENTS/NAICS CODES

The Light-duty Vehicle Group of CISD collects information from individual importers and both small and large companies that import light-duty vehicle, light-duty truck, and on-road motorcycle vehicles or engines. The NAICS code for respondents is 423110, Automobile and Other Motor Vehicle Merchant Wholesalers, and 441200, Other Motor Vehicle Dealers.

(b) INFORMATION REQUESTED

(i) Data Items

The data requested in reports include:

- vehicle identification number
- vehicle make
- vehicle model
- model year of the vehicle
- port of entry
- date of entry
- entry number

- importer name, address and telephone number
- owner name, address, telephone number and SSN or EIN
- emission test results
- applicable EPA certificate of conformity
- fuel economy
- test date
- modification date
- name of emissions test laboratory
- vehicle storage location
- justification for an exclusion or exemption, if applicable and records are maintained on:
  - documents related to certification, modification, importation, storage, registration or emission testing
  - bills of sale, invoices, or purchase agreements
  - documents providing parts identification data associated with the emission control system
  - documents providing evidence of the initiation of the "hold period"

(ii) Respondent Activities

To complete the collection, the respondent would:

- read form instructions
- collect data and complete forms
- conduct required emission testing (ICIs only)

INFORMATION REQUIREMENTS FOR  
IMPORTATION OF NONCONFORMING MOTOR VEHICLES  
AND MOTOR VEHICLE ENGINES  
40 CFR PART 85 SUBPARTS P and R

INFORMATION REQUIREMENTS	CITATION
I. ICI requirements	
- Reporting	
- Application for final admission (certified)	85.1505(a)
- Reasonable assistance during inspection, including copies of records or documents	85.1506(c),(g)(4) 85.1506(b)(2)
- Application for final admission (modification/test)	85.1509(b)
- Repair and retest	85.1509(g)
- Maintenance instructions, attestation, parts list	85.1510(a)
- Altitude compensator instructions, attestation	85.1510(b)
- Emission warranties, attestation	85.1510(c)

- Emission labeling, attestation 85.1510(d)
- Fuel economy labeling, attestation 85.1510(e)
- Gas guzzler tax forms, attestation 85.1510(f)
- Reply to notice of suspension or revocation 85.1513(f)(3)(ii), 85.1513(f)(3)(iv), 85.1513(f)(6)
- Request for hearing 85.1513(f)(3)(iii)

Recordkeeping

- Certification, modification, test, purchase, sale, storage, registration, importation 85.1507
- Owners or ultimate purchasers 85.1508(b)
- Maintenance instructions, parts list, altitude compensator instructions, emission warranties, emission labeling, fuel economy labeling 85.1510

II. Requirements applying to all importers

- Notification of conditional admission 85.1504(a)
- Request for prior approval (exemption), request for extension of exemption 85.1511(b),(g)
- Request for prior approval (exclusion) 85.1511(c)-(g)
- Attestations, copy of paid invoice 85.1512(f)
- Claim of confidentiality 85.1514

**5. THE INFORMATION COLLECTED--AGENCY ACTIVITIES, COLLECTION METHODOLOGY, AND INFORMATION MANAGEMENT**

(a) AGENCY ACTIVITIES

CISD receives the forms in paper form either directly from the importers (Form 8) or indirectly from the importers through Customs (Form 1). Form 1 data is entered into the Automated Imports Tracking System (AITS); Form 8 data is collected by the imports team and copies distributed to certification staff; since late 2005 the data from Form 8 has also been entered into the AITS. After receiving the information, EPA uses it to determine whether vehicles meet EPA requirements and whether to conduct investigations or require confirmatory testing, and retains it in order to respond to public, State government, and Federal government inquiries. In addition, ICIs will be included in the Verify information system, which eventually will include EPA certification application data for all regulated categories of vehicles and engines; the first ICI certification applications are currently scheduled for inclusion in the version of Verify scheduled for initial release in August, 2007. As part of its effort to provide electronic versions of all current paper forms, the Verify system will also include Form 8



submissions upon completion of the ICI module. Any reductions in burden resulting from this change will be reflected in the next renewal of this ICR.

(b) COLLECTION METHODOLOGY AND MANAGEMENT

Both Customs and CISD use the information to determine if vehicles meet EPA requirements. CISD retains information in the AITS and document form in order to respond to public, State government, and Federal government inquiries, which are handled by CISD staff.

(c) SMALL ENTITY FLEXIBILITY

Small entities that are required to submit information to EPA have been doing so by completing and submitting EPA paper forms. EPA regulations provide, as an alternative, for submission of imports data electronically (e.g. 40 CFR 85.1505(a), 85.1509(b) & (c)). Under EPA guidance (CCD-02-04; <http://www.epa.gov/otaq/cert/dearmfr/dearmfr.htm> ) ICIs qualify per se as small volume manufacturers entitled to the special provisions available to all certifying small manufacturers under EPA’s certification regulations.

(d) COLLECTION SCHEDULE

The information is not subject to a collection schedule, but is collected at the time of vehicle entry and when the vehicle is ready for final admission by EPA.

**6. ESTIMATING THE BURDEN AND COST OF THE COLLECTION**

(a) ESTIMATING RESPONDENT BURDEN (HOURS)

Motor vehicles and motor vehicle engines, and on-road motorcycles and engines

	Hours per Activity	Number Activities	Total Hours
I. Reporting			
Form 3520-1	0.5	12,000	6,000
Form 3520-8	0.5	352	176
Total Responses = 12,352			
II. Recordkeeping			
Form 3520-8	0.5	352	176
III. Testing			
Form 3520-8			
Regular ICI	28.0	96	2,688
Mod and Test	28.0	42	1,176
<b>Total</b>		<b>12,856</b>	<b>10,216</b>

(b) ESTIMATING RESPONDENT COST

	Labor	O&M	Capital/Startup (unamortized)
I. Reporting			
Form 3520-1	\$201,420	\$0	0
Form 3520-8	\$8,749	\$1056	0
II. Recordkeeping			
Form 3520-8	\$5,908	\$704	0
III. Testing			
Form 3520-8			
Regular ICI	\$150,044	\$0	\$512,000
Mod and Test	\$65,644	\$0	\$224,000
Total	\$431,765	\$1,780	\$736,000

(i) Labor Costs

Labor costs are considered to be more closely approximated by the motor vehicle manufacturing industry, NAICS 336100, than retail and wholesale trades in vehicles that do not involve testing and modification. Rates for engineering managers, mechanical engineers, and secretaries (except legal, medical, and executive) are from the May 2005 BLS National Industry-Specific Occupational Employment and Wage Estimates ([http://www.bls.gov/oes/current/naics4\\_336100.htm](http://www.bls.gov/oes/current/naics4_336100.htm) , accessed August 22, 2006). With a 160% overhead multiplier, these are \$81.38, \$49.71, and \$33.57, respectively. Most ICI certification representatives who fill out Form 8s are motor vehicle technicians; Form 1 labor burdens are considered secretarial. Test labor costs are \$55.82 per hour based on ICR 0783.47.

(ii) Capital/Start-up Costs

Consistent with ICR 0783, a capital cost of \$4,000,000 for a test facility capable of conducting 750 FTP and highway tests per year has been allocated on a per-test basis. For ICIs, these test facility costs will in most cases be covered by contractual costs between the importer and a testing laboratory. As mentioned above, these costs listed here are not initial certification costs but the post-certification test costs for additional imported vehicles. As with other ICRs, these capital costs are annualized and subject to 7% interest depreciation but are considered to be on-going rather than startup capital costs in the sense that as facilities are depreciated they are continually being replaced.

(iii) Operations and Maintenance Costs

Operations and maintenance costs were calculated based on responses received from the ICIs contacted. The Operations and Maintenance cost for reporting ordinarily involves a purchase of services from brokers who complete a package of importation forms (including those of other agencies) and file them with Customs and EPA. This cost

is estimated as a component of overall broker activities to import a vehicle or engine, and incorporates a \$2 per form recordkeeping cost for broker form retention within overall broker activities, a \$3 per form mailing cost for Form 8s, and a total of \$1 per form for Form 1. O&M costs associated with testing are negligible compared with those for certification vehicles; post-certification vehicles do not have mileage accumulation or durability demonstration requirements or consequent vehicle depreciation; vehicle preparation is minimal. Costs associated with modification of vehicles necessary to bring them up to certification standards are excluded: they are not reported on the imports forms, they vary widely depending on the vehicle being imported, and they therefore can not be predicted or accounted from one year to another; finally, they are analogous to, for example, the costs of catalytic converters and other emissions control technologies that original manufacturers are required to install in vehicles in order to comply with the Clean Air Act, and which are not included in the certification paperwork burden.

### (c) ESTIMATING AGENCY BURDEN AND COST

The imports program is administered by EPA's Compliance and Innovative Strategies Division (CISD). Forty percent of one Full Time Equivalent employee (FTE), GS 12/3; twenty percent of one Senior Environmental Employment (SEE) Program employee (the SEE Program is an employment program for older workers authorized by the Environmental Programs assistance Act, passed by Congress in 1984, and provides employment opportunities to senior citizens age 55 and over); and a portion of the work assignment under a government contract are allocated to imports activities. Based on the 2006 GS pay schedule, EPA estimates an hourly \$34.35 for the FTE, then multiplies the hourly rates by the standard government benefits multiplication factor of 1.6, at a cost of \$45,728, and a cost of \$8,480 for the SEE; \$179,450 is estimated for the contractor. The contractor estimate is based upon the work assignment rather than an estimate of hours. An estimated total agency cost of \$233,657 per year is therefore allocated to imports activities. These activities include both on-road imports (this ICR) and nonroad imports (ICR 1723; OMB 2060-0320). An estimated 90% of these activities currently involve on-road imports; consequently, \$210,292 is the estimate for the agency cost for purposes of this ICR.

### (d) Estimating the Respondent Universe and Total Burden and Costs

We estimate 12,000 Form 1s are submitted, based on an extrapolation of entries in the AITS (not all have yet been entered), averaging one respondent per form, and 352 Form 8s from five ICIs, based on a hand count of Form 8s received in 2005 and 2006, plus an estimate based on actual and projected imports from one high-volume importer covering four original production years. The total number of responses is therefore estimated as 12,352. The estimated number of respondents is 12,005. For each engine family, one imported vehicle is used for certification testing; therefore, while the forms count does not decrease, the testing responses is decreased by the number of import engine families. For model year 2005, 21 ICI engine families were certified; the count of 300 regular ICIs was reduced by 11 to total 289 vehicles subject to post-certification

testing; every third vehicle results in an estimate of 96 tests; the total of 52 mod & test vehicles was reduced by 10 certification vehicles; the remaining 42 are subject to tests.

(e) Bottom Line Burden Hours and Cost

(i) Respondent Tally

Respondents	12,005
Responses	12,352
Burden Hours	10,216
Labor Cost	\$431,765
Operating Cost	\$1,780
Capital Cost	\$736,000
Capital Cost (Annualized)	\$104,790
Total (Annualized)	\$538,335

(ii) Agency Tally

Employees	2
Employee Labor Cost	\$48,787
Contract Labor Cost	\$161,505
Total Cost	\$210,292

6(f) Reasons For Change In Burden

This ICR follows the burden hours assumptions of the previous renewal for filling out the forms themselves, but has a substantial change in other and overall hours and burdens due to the following: First, the labor burden of recordkeeping has been adjusted. These replace an O&M cost per form in the prior estimate. Second, the number of Form 8s has been increased from 200 to 352. The number of Form 1s has been reduced from 20,000 to 12,000 based on a better estimate due to the availability of a logged database. (The prior renewal listed 13,000 respondents filing 11,200 responses.) Third, the testing cost is modified to distinguish the different testing requirements for the two different classes of ICIs. Fourth, an O&M and a capital cost are assigned to the testing requirement, consistent with other certification ICRs, namely the 0783 series. Fifth, this testing O&M cost replaces a \$660,000 O&M expense that was in the prior renewal. That cost was unelaborated but probably included an estimate of modification costs, which are excluded here for the reasons stated above.

6(e) BURDEN STATEMENT

Public reporting burden for this collection is estimated to average 49 minutes per response. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and

verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR Part 9 and 48 CFR Chapter 15.

To comment on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, EPA has established a public docket for this ICR under Docket ID Number EPA-HQ-OAR-2006-0740, which is available for online viewing at [www.regulations.gov](http://www.regulations.gov), or in person viewing at the Air and Radiation Docket and Information Center in the EPA Docket Center (EPA/DC), EPA West, Room B102, 1301 Constitution Avenue, NW, Washington, D.C. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Reading Room is (202) 566-1744, and the telephone number for the Air and Radiation Docket and Information Center is (202) 566-1742. An electronic version of the public docket is available at [www.regulations.gov](http://www.regulations.gov). This site can be used to submit or view public comments, access the index listing of the contents of the public docket, and to access those documents in the public docket that are available electronically. When in the system, select "search," then key in the Docket ID Number identified above. Also, you can send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, D.C. 20503, Attention: Desk Officer for EPA. Please include the EPA Docket ID Number EPA-HQ-OAR-2006-0740 and OMB Control Number 2060-0095 in any correspondence.