

**SUPPORTING STATEMENT  
U.S. Department of Commerce  
Bureau of Industry and Security**

**Multipurpose Application  
OMB No. 0694-0088  
EAR Part 748**

The Bureau of Industry and Security (BIS) is requesting an amendment to existing collection OMB 0694-0088 “Multipurpose Application.” This amendment will support publication of a proposed rule “**Mandatory Electronic Filing of Export and Reexport License Applications, Classification Requests, Encryption Review Requests and Notifications, and License Exception AGR notifications.**” This rule will mandate electronic submission of these applications and related documents to the Bureau of Industry and Security (BIS) via its Simplified Network Application Process Redesign (SNAP-R) system.

**A. Justification**

**1. Explain the circumstances that make the collection of information necessary.**

Section 15(b) of the Export Administration Act (EAA) of 1979, as amended, authorizes the President and the Secretary of Commerce to issue regulations to implement the EAA including those provisions authorizing the control of exports of U.S. goods and technology to all foreign destinations, as necessary for the purpose of national security, foreign policy and short supply, and the provision prohibiting U.S. persons from participating in certain foreign boycotts. Export control authority has been assigned directly to the Secretary of Commerce by the EAA and delegated by the President to the Secretary of Commerce. This authority is administered by the Bureau of Industry and Security through the Export Administration Regulations (EAR). The EAA is not permanent legislation, and when it has lapsed due to the failure to enact a timely extension, Presidential executive orders under the International Emergency Economic Powers Act (IEEPA) have directed and authorized the continuation in force of the EAR.

BIS administers a system of export and reexport controls in accordance with the EAR. In doing so, BIS requires that parties wishing to engage in certain transactions apply for licenses, submit encryption review requests or submit notifications to BIS. BIS also reviews, upon request, specifications of various items and determines their proper classification under the EAR. Currently members of the public submit these applications, requests and notifications to BIS in one of three ways: via SNAP, via BIS’s Electronic License Application Information Network (ELAIN) or via the paper BIS Multipurpose Application Form BIS 748-P and its two appendices the BIS 748-P A (item appendix) and the BIS 748-P B (end user appendix). In many instances, BIS needs additional documents to act on the submission. For documents that relate to paper submissions, the documents can be mailed or delivered to BIS with the BIS 748-P form. For submissions made electronically via ELAIN and, until recently, those made via SNAP, the documents

must be sent to BIS separately and matched up with the application when they arrive.

Recently BIS has made a number of enhancements to SNAP, and designated this improved version SNAP-R. The enhancements include ability to include documents related to a submission in the form of PDF (portable document format) files as attachments to the submission. Other enhancements include a feature that allows BIS personnel to request additional information from the submitting party and for the party to submit that information in a manner that ties the chain of communication to the submission.

BIS believes that mandatory use of SNAP-R will reduce processing times and simplify compliance with and administration of export controls. SNAP-R provides not only improved efficiency in submission and processing, but improved end-user security through rights management and an updated application and security infrastructure.

Therefore, BIS proposes to require that all export and reexport license applications (other than Special Comprehensive License applications), classification requests, encryption review requests, encryption notifications, License Exception AGR notifications and attached related documents be submitted to BIS via SNAP-R system unless BIS authorizes paper submissions.

**2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.**

Export information collected either electronically or from the Multipurpose Application form BIS-748P, 748P-A and 748P-B is used by the Bureau of Industry and Security as the basis for decisions to grant licenses for export, reexport, for national security reviews of encryption items, and for classifications of items that are controlled for reasons of national security, short supply or foreign policy. These decisions are typically made on a case-by-case basis and are dependent upon both the information provided in either electronic or manual form data submission and the policies in effect at the time of the transaction. In many cases, this information is shared with other Federal agencies such as the Department of Defense, State Department, and Department of Energy, to obtain their recommendations on these decisions.

Both the paper and electronic versions of the Multipurpose Application form contained in SNAP-R provide detailed instructions and explanations of what data is required in each field. In addition, the SNAP-R system includes a large number of software validations to insure high data quality.

**3. Describe whether, and to what extent, the collection of information involves the use of**

**automated, electronic, mechanical, or other technological techniques or other forms of information technology.**

BIS has redesigned the SNAP system to enhance security, support electronic submission of supporting documents and provide increased functionality. BIS currently receives approximately 85% of all submissions electronically through the SNAP-R system.

SNAP-R is located at: <https://snapr.bis.doc.gov/>

**4. Describe efforts to identify duplication.**

The information received when applying for an export license, Classifications and advisory opinions, Encryption Review request, or License Exception AGR is unique to each application. The information is not duplicated anywhere else in Government nor is it available from any other source.

**5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.**

The information required when applying for an export license, Classification requests, advisory opinions, Encryption Review requests, and License Exception AGR notification must be submitted by exporters or their designated agents, regardless of size. This procedure, as part of the EAR, is governed by national security, foreign policy and proliferation of weapons of mass destruction requirements. BIS maintains an active seminar and counseling program to help all businesses understand and comply with BIS requirements. BIS also maintains an informative web site that provides detailed instructions on how to comply with our paperwork requirements. SNAP-R is located at: <https://snapr.bis.doc.gov/>

**6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

If this information were submitted less frequently, it could result in exports to unapproved consignees with the possibility that illegal shipments would be made to countries of concern.

**7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.**

There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.

**8. Provide a copy of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

The notice requesting public comment for the proposed regulation and paperwork burden will be published in the in the Federal Register concurrent with review of this document.

**9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.**

There is no plan to provide any payment or gift to respondents.

**10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.**

Section 12(c) of the EAA provides for the confidentiality of export licensing information submitted to the Department of Commerce.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.**

There are no questions of a sensitive nature.

**12. Provide an estimate in hours of the burden of the collection of information.**

This amendment will result in a net **decrease of 107 burden hours.** For the purpose of estimating the impact of this amendment, the number of responses will be assumed to remain unchanged at 20,753. We will also assume that the number of commodity classification and other types of applications remain constant at 4,700 and 16,053 respectively.

BIS estimates that exporters will require 15 minutes to input their application-specific data into the SNAP-R system. Two additional minutes are required to submit supporting documents into SNAP-R for those applications that require supporting documentation.

Commodity classifications typically require more supporting documentation than other types of applications. About 75% of the commodity classifications and 33% of the other applications require supporting documentation. It is estimated to take 90 minutes per commodity classification to acquire the corresponding documentation. It is estimated to take 30 minutes for all other types of applications.

There is also a record keeping requirement of two minutes associated with each application.

The foregoing analysis resulted in an estimated 14,102 annual burden hours. Adding ten percent to cover EAR amendment actions that increase burden, results in an additional 1,410 burden hours.

This information is represented in the following table:

<b><u>Burden Activity</u></b>	<b><u>Annual Responses</u></b>	<b><u>Minutes per Response</u></b>	<b><u>Annual Burden Hours</u></b>
<u>Submit SNAP-R Work Items Without Supporting Documentation (20,753 – 8,805)</u>	<u>11,948</u>	<u>15</u>	<u>2,987</u>
<u>Submit SNAP-R Work With Supporting Documentation (3,525 + 5,280)</u>	<u>8,805</u>	<u>17</u>	<u>2,495</u>
<u>Gather Supporting Documents for Commodity Classifications (4,700 x 75%)</u>	<u>3,525</u>	<u>90</u>	<u>5,288</u>
<u>Gather Supporting Documents for Other Applications (16,053 x 33%)</u>	<u>5,280</u>	<u>30</u>	<u>2,640</u>
<u>Annual record keeping burden</u>	<u>20,753</u>	<u>2</u>	<u>692</u>
<u>EAR Amendments</u>			<u>1,410</u>
<u>Total</u>			<u>15,512</u>

The cost associated with this burden is estimated to be \$387,800. This is obtained by multiplying 15,512 hours times \$25 per hour.

**13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).**

Some entities might incur no additional costs for this activity associated with this collection of information. These are the entities whose submissions require no accompanying documents, those who are already creating the documents in PDF format, and those who are already creating the documents using software that is capable of producing the same documents in PDF format.

Some entities might require a PDF conversion software to convert existing electronic

documents to PDF. These are the entities whose accompanying documents are already created using software that cannot produce PDF files directly, but can produce such files with additional software. One option for these entities is to obtain a free version of software (such as doPDF), which converts documents to PDFs. Another option is to acquire Adobe Acrobat® Standard Edition (\$299) as posted on the Adobe Corporation Web site on December 27, 2006.

Some entities might need to scan paper documents and convert them to PDF files. Such entities would have three alternatives: 1) pay someone else to scan and convert the documents; 2) acquire a scanner with built-in PDF capability; or 3) acquire hardware and software to scan in and convert the documents.

1) An entity with a small number of documents to scan probably would find it most economical to pay someone else to scan the paper documents and convert them to PDF files. After reviewing some prices charged in Washington area, BIS estimates that such a the costs would range from about \$19 to about \$31 to convert eight pages of paper documents to PDF format.

2) In some instances, the entity could utilize software that comes bundled with a scanner to comply with this requirement. In such instances, BIS estimates that the entity would incur an initial cost of approximately \$500 (to purchase the scanner) to comply with this rule.

3) In some cases, particularly if the entity has to scan numerous complex paper documents, the costs could be higher. BIS estimates that the initial costs for an entity facing such a situation would be approximately \$900. This estimate is based on a price of \$300 for Adobe Acrobat® Standard Edition software \$500 for a scanner and \$100 for taxes and shipping charges.

Based on the foregoing analysis, the one-time capitol cost ranges from \$0 to \$900, depending upon which option the company chooses to implement. This is a one-time cost and is not an annual cost.

#### **14. Provide estimates of annualized cost to the Federal government.**

The annual cost to the Federal Government is approximately \$544,766. This is based on a licensing officer spending 45 minutes to review 20,753 applications at \$35 per hour.

#### **15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB 83-I.**

A net decrease of 102 annual burden hours is requested with this amendment. This decrease is the result of a program change, as described in this document.

**16. For collections whose results will be published, outline the plans for tabulation and publication.**

BIS publishes information based on aggregate data from export license applications. It does not publish information that would identify the details of specific applications or requests. Section 12(c) of the EAA restricts release of such detailed data to Congress, the GAO, or to situations in which the Secretary (authority delegated to the Under Secretary for Industry and Security) determines that release is in the national interest.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.**

Not applicable.

**18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.**

Not applicable.