

**NARRATIVE SUPPORTING STATEMENT
FOR 46 CFR PART 515
AND RELATED FORMS FMC-18, 48, 48A, 67, 68, 69 AND 69A**

A. Justification

1. Section 19 of the Shipping Act of 1984, as modified by Public Law 105-258 (The Ocean Shipping Reform Act of 1998) and Section 424 of Public Law 105-383 (The Coast Guard Authorization Act of 1998), requires that all ocean transportation intermediaries (OTIs) in the United States be licensed by the Commission (46 U.S.C. §§ 40901-40904 (2006)). These requirements are implemented in regulations contained in 46 CFR Part 515.

2. Information obtained under this part and through Form FMC-18 is used to determine the qualifications of OTIs and their compliance with shipping statutes and regulations and to enable the Commission to discharge its duties under the Act by ensuring that OTIs maintain acceptable evidence of financial responsibility. If the collection of information were not conducted, there would be no basis upon which the Commission could determine if applicants are qualified for licensing. The FMC actively participates in the U.S. Customs and Border Protection's (CBP) Automated Commercial Environment (ACE) and verifies licensed or registered status of OTIs under the Trade Act of 2002 and related CBP requirements.

3. By Notice of Inquiry in Docket No. 01-08, the FMC first solicited comments concerning the impact of the Government Paperwork Elimination Act and the Electronic Signatures in Global and National Commerce Act on all sectors of the U.S. ocean shipping industry. Comments received in response to the Notice were supportive and encouraging of the Commission's efforts to provide expanded electronic filing options for information collections.

Subsequently, on August 10, 2007, the Commission published in the *Federal Register*, at 72 FR 44976, a Final Rule, providing for optional filing of Form FMC-18, Application for a License as an Ocean Transportation Intermediary, through a new electronic filing system. [Note: The rule contains no additional information collection or recordkeeping requirements; therefore, the Paperwork Reduction Act does not apply.] It is the intent of the agency to offer this optional filing method beginning September 24, 2007. Use of the automated system will not be required; interested parties may continue to submit Form FMC-18 in paper format, and those filings will be received and processed in the same manner as before. If the Commission later determines that electronic filing be made a requirement of all applicants, a Notice of Proposed Rulemaking would be issued. The new automated filing system will facilitate the filing of Form FMC-18 in several ways. Supporting documentation previously submitted in paper form will be appended electronically as part of the filing process. Validity checks incorporated into the automated filing process will alert the filer to the need to submit missing documentation at the time of filing, thereby ensuring a more complete application and facilitating quicker processing of OTI applications by BCL staff. A visually cleaner and more helpful electronic interface will guide and assist the filing applicant in completing the application. Upon the effective date, the

automated OTI filing system will be accessed through the FMC's website, <http://www.fmc.gov>; the system is password-protected to ensure the security of information being collected and to appropriately restrict external access to data to the applicant and its authorized filing agents. Following implementation of automated filing on a voluntary basis, further automation of licensing-related functions, such as the use of e-signature technology, electronic filing of bonds and electronic payment options for fees, may be addressed by the Commission in future rulemakings.

Form FMC-18, as well as Forms FMC-48, FMC-48A, FMC-69, and FMC-69A, will continue to be available for downloading from the FMC homepage and the government forms site, www.forms.gov. Forms FMC-67 and FMC-68 are available only in paper form. In fiscal year 2006, there were no filings of FMC-67, FMC-68, or FMC-69A.

4. The information requested by the Commission is necessary to the agency's licensing process, and does not duplicate any information that would normally be collected elsewhere.

5. The FMC cannot certify that this collection of information does not have a significant economic impact on a substantial number of small entities. However, the Commission believes that the burden imposed on OTIs is justified and necessary in light of legislative intent, and because of the benefit to the shipping public and to carriers gained by the statutorily-mandated program of licensing and requiring evidence of financial responsibility of all OTIs. The Commission believes, moreover, that the information collected is maintained in the normal course of business and is readily available.

6. If the information were not collected, the Commission would not have information upon which to support a finding that an applicant, or existing licensee, is qualified for licensing or continues to meet the regulatory requirements of an OTI. Failure to collect this information would also prevent the Commission from adequately protecting the public by ensuring that OTIs have obtained acceptable evidence of financial responsibility as required by section 19 of the Shipping Act. Therefore, the Commission would be unable to fulfill its statutory mandate.

7. This information collection does not (1) require respondents to report information to the agency more often than quarterly; (2) require respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; (3) require respondents to submit more than an original and two copies of any document; (4) include confidentiality pledges that are not supported by established statutory authority; or (5) require respondents to submit proprietary information without protecting such information to the full extent of the law. 46 CFR 515.33 does require that certain records be kept for five years. This requirement is consistent with the statute of limitations, provisions for civil penalty cases, and is consistent with the requirements contained in section 13 of the Shipping Act of 1984 (46 U.S.C. 41109). Any confidential information required under this collection (Social Security Numbers, information regarding bankruptcies, violations related to shipping and bill of lading statutes, convictions for

drug distribution or possession, felonies, etc.) is protected by the Privacy Act and by security and privacy policies developed by the bureau responsible for this collection.

8. The 60-day *Federal Register* notice regarding the revision of Form FMC-18 was published June 8, 2007, at 72 FR 31832. Respondents had 60 days to respond with their views regarding collection of information; no comments were received. In an effort to develop better burden estimates for preparing reports under the regulation, Commission staff consulted with industry applicants.

9. Not applicable – The Commission does not provide any payments or gifts to respondents.

10. The information filed by applicants is subject to the limitations of the Freedom of Information Act and the Privacy Act. The bureau involved in this collection of information also has strict policies in place regarding the handling of confidential or sensitive information.

11. Form FMC-18 asks that respondents give information regarding involvement in bankruptcies, violations related to shipping and bill of lading statutes, as well as convictions for drug distribution or possession or other felonies, if applicable. The Commission considers this information necessary because the applicant will be representing others in a fiduciary capacity or assuming responsibility for the safe transportation of cargo. The Commission uses this information to assist in evaluation of the applicant. Form FMC-18 includes a “Privacy Act Notice” explaining the need for and the use of the information. There are no questions of a sensitive nature in Forms FMC-48, 48A, 67, 68, 69, and 69A.

12. There is currently an estimated universe of 4,765 OTIs under 46 CFR 515. The Commission estimates that this collection of information imposes, in varying degrees, a reporting burden to the entire respondent universe. The burden is calculated on the estimated amount of time necessary to comply with various requirements of 46 CFR 515, as set forth in the Attachment to this document. The Attachment shows the breakdown of the estimated burden of 3,595.33 hours for respondents to comply with 46 CFR 515.

The annual cost to respondents is estimated at \$204,565. This cost has been calculated in consideration of the time to gather information and furnish it to the Commission, as well as comply with the requirements of 46 CFR 515. It also includes clerical time, as well as overhead and operational expenses. No time is allocated for disclosure, as there are no disclosure requirements involved in this collection.

13. There are no additional cost burdens to respondents or recordkeepers other than those reported in item 12.

14. The cost to the Federal Government for the Commission to carry out this collection of information is estimated to be \$1,076,619. This includes overhead and benefits, and is based on a burden of 17,184.34 person-hours.

15. There are no changes to the burden estimate for this collection of information. The burden estimate was last updated and submitted to OMB on June 6, 2007, in connection with the extension of this collection.

16. Not applicable – no information will be published.

17. Not applicable – the expiration date will be displayed.

18. Not applicable – no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

This collection of information does not employ statistical methods.

ATTACHMENT

INDUSTRY BURDEN FOR PART 515 FORMS

Requirement	Respondents (See Note 1)	Annual Instances	Average Person- hours Per Response (See Note 2)	Total Person- hours	Frequency (See Note 6)
OTI Licensing: 46 CFR 515.12					
FMC-18 – paper form (new/amended)		420 (Annualized)	2 (See Note 3)	840 hours	On occasion
FMC-18 – electronic form (new/amended)		280 (Annualized)	2 (See Note 3)	560 hours	On occasion
Financial Responsibility: 46 CFR 515.22					
FMC-48 - OTI Bond (new/amended)		6,556 (See Note 4)	20 minutes (See Note 5)	2,185 hours & 20 minutes	On occasion
FMC-67 - Insurance		0	0	0	On occasion
FMC-68 Guaranty		0	0	0	On occasion
FMC-69 Group Bond (new/amended)		19	20 minutes (See Note 5)	6 hours & 20 minutes	On occasion
Financial Responsibility: 46 CFR 515.25					
FMC-48A Optional Rider		11	20 minutes (See Note 5)	3 hours & 40 minutes	On occasion
FMC-69A Optional Group Rider		0	0	0	On occasion
GRAND TOTAL		7,286		3,595 hours & 20 minutes	

Note 1 - The total respondent universe is estimated at 4,765 (Grand Total of OTIs at end of FY 2006. Source: BCL Monthly Report Sept. 2006).

Note 2 - For each entry in this column, the average industry person-hours must be subdivided into 3 categories, as follows:

- Recordkeeping (collecting documents);
- Reporting (completing form); and
- Disclosure (to 3rd parties, if any).

Example: FMC-18 paper form - 2 hours total consisting of: recordkeeping - 30 minutes; reporting - 1 hour 30 minutes; disclosure - 0 minutes.

Note 3 - Response time varies from 1 hour to a maximum of 5 hours. On average, it is estimated that it would take 2 hours to complete an application. The estimated average time of 2 hours is allocated as: recordkeeping - 30 minutes; reporting - 1 hour 30 minutes; and disclosure - 0 minutes.

Note 4 - This figure reflects the number of annual changes made to the Proof of Financial Responsibility, including terminations, by freight forwarders and NVOCCs in FY 2006.

Note 5 - The estimated time of 20 minutes is allocated as: recordkeeping - 10 minutes; reporting - 10 minutes; and disclosure - 0 minutes.

Note 6 - Biennially, decade, monthly, once, semi-annually, annually, daily, hourly, on occasion, quarterly, or weekly

The total number of instances are “actual” numbers for fiscal year 2006, except the number of instances for FMC-18 has been rounded up from 647 to 700.

Estimated Burden and Costs, Including Overhead, to Respondents

1,400 person-hours (Form FMC-18) + 2,185.33 person-hours (Form FMC-48) + 3.67 person-hours (Form FMC-48A) + 6.33 person-hours (Form FMC-69) = 3,595.33 total person-hours

75% Transportation Manager (2,696.5 hours)
25% Clerical (898.83 hours)

The annual salary calculations have been formulated using the Department of Labor’s *2005 National Industry-Specific Occupational Employment and Wage Estimates*, (overhead of \$17.01 per hour and benefits of 21.99% have been added to the basic salary).

Formula: Hourly salary + benefits (21.99%) + overhead (\$17.01) = adjusted hourly salary

$\$39.18 + (\$39.18 \times 21.99\%) = \$47.80 + \$17.01 = \$64.81 =$ Transportation Manager adjusted hourly salary

$\$13.24 + (\$13.24 \times 21.99\%) = \$16.15 + \$17.01 = \$33.16 =$ Clerical adjusted hourly salary

Employee	Hourly Salary	Number of Hours	Total
Transportation Manager	\$64.81	2,696.5	\$174,760
Clerical	\$33.16	898.83	\$ 29,805
TOTALS			\$204,565