

SUPPORTING STATEMENT
U.S. Department of Commerce
Bureau of Industry and Security
Multipurpose Application
OMB No. 0694-0088

The Bureau of Industry and Security (BIS) is requesting a revision and extension of existing collection OMB 0694-0088 “Multipurpose Application.” The revision will support publication of a final rule “**Mandatory Electronic Filing of Export and Reexport License Applications, Classification Requests, Encryption Review Requests and Notifications, and License Exception AGR notifications.**” BIS received pre-approval of this collection with the proposed rule. Due to additional change requests required before the final rule was completed, activation of the proposed rule could not be done. The final rule makes no significant changes in the burden from the proposed rule. Both the proposed and final rules 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:

1. SNAP;
2. BIS’s Electronic License Application Information Network (ELAIN); or

3. Multipurpose Application, Form BIS 748P, and its two appendices the BIS 748P-A (item appendix) and the BIS 748P-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 748P 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 the 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 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 its Simplified Network Application Process Redesign (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 (Forms BIS-748P, 748P-A and 748P-B) is used by BIS 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 the information provided, 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 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 quality data.

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. This web site 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 final regulation (RIN 0694-AC20) and paperwork burden will be published in the Federal Register concurrent with review of this information collection request.

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

No payment or gift will be provided 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.

The total estimated burden of this collection is 17,372 hours. This estimate is based on a database search of activities for calendar year 2007.

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.

In regard to the EAR amendments, BIS has historically requested and received approval of a 10% hourly burden to cover these anticipated nonsubstantive increases over the course of the three-year approval.

The burden hour estimate is detailed in the following table:

Burden Activity	Annual Responses	Minutes per Response	Annual Burden Hours
Submit SNAP-R Work Items <u>Without</u> Supporting Documentation (23,793 – 9,949)	13,844	15	3,461
Submit SNAP-R Work <u>With</u> Supporting Documentation (3,746 + 6,203)	9,949	17	2,819
Gather Supporting Documents for Commodity Classifications (4,995 x 75%)	3,746*	90	5.619
Gather Supporting Documents for Other Applications (18,798 x 33%)	6,203*	30	3,101
Annual record keeping burden	23,793	2	793
EAR Amendments			1,579
Total			17,372

*Not considered separate responses; just the time to gather the documents.

The cost associated with this burden is estimated to be **\$521,160**. This is obtained by multiplying 17,372 hours times \$30 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,

Some entities might require 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 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 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.

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

The annual cost to the Federal Government is approximately \$713,790. This is based on a licensing officer spending 45 minutes to review 23,793 applications at \$40 per hour.

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

The program change mandating electronic filing using SNAP-R resulted in a very small decrease in burden. This decrease is offset by the increased number of responses from 20,453 to 23,793, which created an increase adjustment in burden hours. The overall increase in burden is **2,033** hours and the cost is increased by **\$16,941**.

The responses and burden hour number in ROCIS are slightly different than the totals in this supporting statement because there are other information collections in this collection that did not change.

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.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable