

Supporting Statement

Financial Responsibility for Water Pollution (Vessels) and Limits of Liability (Vessels and Deepwater Ports)

A. Justification

1. Circumstances Making Information Collection Necessary.

This information collection is “reporting” in nature and is used by the Coast Guard’s National Pollution Funds Center (NPFC) to establish compliance with 33 CFR 138.80, the Oil Pollution Act of 1990 (OPA) (33 U.S.C. § 2716), and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. § 9608).

2. Purpose and Use of Information Collected.

The information collection requirements described in this supporting statement are necessary to provide evidence of a respondent’s ability to pay for removal costs and damages associated with discharges or substantial threats of discharges of hazardous material or oil into the navigable waters, adjoining shorelines or the exclusive economic zone of the United States. The requirements are imposed generally on responsible parties of vessels over 300 gross tons.

3. Use of Electronic Collection.

Electronic submission of Certificates of Financial Responsibility (COFR) applications (form CG-5585) and electronic payment (credit cards) are now available using the Internet. NPFC currently receives approximately 20% of this collection electronically, primarily from its United States’ applicants.

The NPFC has automated this process as much as possible. The first time COFR applicants use the electronic system, they must also mail the required signatures, but all subsequent transactions can be completed electronically. The NPFC has researched using digital signatures to fully automate this process, but the current lack of technology and funding does not make this approach feasible.

In addition, NPFC has many customers, particularly international and/or infrequent users, who prefer to submit paper forms. The NPFC accepts electronic payment from major U.S. credit cards; international customers who do not hold these cards or any customers who prefer to use an alternative payment method would therefore need to submit paperwork authorizing payment. It is easier for these customers to submit the entire application in paper rather than half in paper and half electronically. Similarly, customers who expect to need only a one-time application may not find it expedient to go through the online enrollment process.

The NPFC has not automated any of the CG-5586 series of forms because it only receives approximately 10 of these forms annually. Because of this low volume, it is not cost effective to automate these forms at this time.

4. Efforts to Identify Duplication.

No other entity provides the service required. NPFC is the only authority for the issuance of COFRs.

5. Minimizing the Burden on Small Entities.

Regardless of the size of the entity, the burden is the same. That is, all respondents must provide the required information.

6. Consequences of Less Frequent Collection.

If the collection is not conducted or is conducted less frequently, the NPFC could not ensure that a respondent could pay for removal costs and damages associated with an oil or hazardous substance incident, as is required by statute and regulation.

7. Special Collection Circumstances Inconsistent with 5 CFR 1320.6.

This information collection is conducted in manner consistent with the guidelines in 5CFR 1320.5(d)(2)

8. Outside Consultation for This Collection Effort.

A request for comment was published in the Federal Register on May 14, 2003 (68 FR 25898). No comments were received.

9. Payments or Gifts to Respondents.

There is no offer of monetary or material value for this information collection.

10. Confidentiality Issues.

There are no assurances of confidentiality provided to the respondents for this information collection.

11. Questions of a Sensitive Nature.

There are no questions of sensitive language.

12. Burden Hours.

This information collection has two types of respondents:

- The approximately 900 United States operators and 9,000 foreign operators who must renew their COFRs every 3 years. Therefore, for the purposes of this information collection budget, we have assumed that a third of them renew each year.
- The almost 100 guarantors, including self-insurers, who must submit documentation every year.

Respondents would continue to periodically submit applications for COFRs. In addition, a one-time information collection would go into effect upon the promulgation of the Consumer Price Index Adjustments of Oil Pollution Act of 1990 Limits of Liability –Vessels and Deepwater

Ports rulemaking (USCG-2008-0007). As a result of this rulemaking, respondents would be required to submit a revised guaranty form, including ship schedule indicating that the vessels that are provided COFRs have coverage to the amended financial responsibility applicable amounts under 33 CFR 138.80(f).

As a result of this one-time collection, some respondents who normally would renew in Year 1 (when the rule is promulgated) will find that the one-time collection required for the amended liability amounts satisfies their requirement to renew their COFRs; therefore, they need only submit once during Year 1. Similarly, some respondents who normally would need to renew COFRs during Year 2 or Year 3 will not need to do so as a result of the one-time collection in Year 1. However, the NPFC cannot estimate how many respondents fall into these categories; therefore, the table below represents the maximum hour burden and cost by assuming that *all* respondents must renew or amend their COFRs during the upcoming three years in addition to responding to the one-time collection when the new regulations are first promulgated.

	Annual Burden	Year 1 One-Time Collection for Increased Limits
Number of Respondents		
Operator Respondents	3,300 ¹	9,900
Financial Guarantor Respondents	100	100
Burden		
Reporting Hours per Response	1	1
Recordkeeping Hours per Response	0	0
Hour Burden	3,400	10,000
Cost (assuming \$27 per hour) ²	\$91,800	\$270,000

Total Burden Hours (Year 1 Only)	13,400
Total Burden Hours (Year 2 and Beyond)	3,400
Total Cost (Year 1 Only)	\$361,800
Total Cost (Year 2 and Beyond)	\$91,800

13. Cost Burden Resulting from the Collection of Information.

There are no record keeping, capital, start-up or maintenance costs associated with this information collection.

¹ Assumes that 1/3 of the approximately 9,900 vessel operators would submit information per year.

² Burdened labor rate based on 2006 Bureau of Labor Statistics mean national wage average (\$18.84 per hour) + 43 percent overhead factor to estimate employee benefits. Bureau of Labor Statistics data show that total employee benefits is approximately 30 percent of total compensation. By applying a benefit factor of approximately 43 percent to the hourly wage, we calculate total compensation. Hourly Wage + Benefit Factor = Total Compensation. \$18.84 per hour + 0.43 x \$18.84 = \$27 per hour.

14. Cost to Federal Government.

Six Marine Insurance Examiners, most of which are GS-13, spend about 40% of their time on this information collection.

Number of Marine Insurance Examiners	6
Annual Hours per Examiner ³	768
Cost (assuming \$66 per hour) ⁴ per Examiner	\$50,688
Total Annual Government Cost Burden	\$304,128

15. Reasons for Adjustments to Reporting in Items 13 or 14.

No adjustments have been made to Items 13 or 14.

16. Publication for Statistical Purposes.

The NPFC provides a public search function on its COFR Web site on approved vessel COFRs. The Web site is automatically updated daily from the COFR database, which NPFC maintains through this information collection.

In addition, NPFC posts graphs and tables on various types of insurers and methods of financial responsibility on its COFR Web site. These are generated from its COFR database and posted on a monthly basis.

17. Display of OMB Date of Expiration.

USCG will display the expiration date for OMB approval of this information collection.

18. Explanation of Any Exceptions.

USCG does not request an exception to the certification of this information collection.

³ Calculated from 40% of [(50 weeks/year x 40 hours/week) – (10 Federal holidays x 8 hours/day)]

⁴ To assess the cost of government effort, we used an employee rate of \$66 per hour, which is the in-government hourly rate for GS-13 personnel from COMDTINST 7310.1J, Standard Rates.