

Supporting Statement for Vessel Documentation

A. Justification

1. Circumstances making collection of information necessary.

Federal documentation is a type of national registration which serves to establish a vessel's: (a) nationality; (b) eligibility to engage in a particular employment; and (c) eligibility to become the object of a preferred ship's mortgage. In the field of international commerce, documentation establishes the nationality of a vessel and confers the privileges, protections, and immunities contemplated by longstanding international law and custom. The availability of capital for maritime financing hinges upon the existence of the preferred mortgage as security for loans against vessels. The collection and recordkeeping of information concerning the documentation of vessels is promulgated in the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313.

This information collection ensures compliance with vessel documentation regulations (46 CFR parts 67 & 68) by including the lease finance options as reflected in the amendments provided by Congress under the Coast Guard and Maritime Transportation Act of 2004 (Pub. L. 108-293). These regulations address statutory amendments eliminating certain barriers to seeking foreign financing by lease for U.S.-flag vessels. They clarify the information needed to determine the eligibility of a vessel financed in this manner for a coastwise endorsement.

This information collection supports the following strategic goals:

Coast Guard

- Mobility

Marine Safety, Security and Stewardship Directorate (CG-5)

- Economic Growth and Trade/Mobility: Reduce interruptions and impediments that restrict the economical movement of goods and people, while maximizing safe, effective, and efficient waterways for all users.

2. By whom, how, and for what purpose is the information to be used.

The information collected will establish the eligibility of a vessel to: (a) be documented as a "vessel of the United States;" (b) engage in a particular trade; and/or (c) become the object of a preferred ship's mortgage. These determinations will be made by a documentation officer of the United States Coast Guard or other authorized Coast Guard officials by comparing the information collected with the various statutory requirements imposed by the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313. The information requested is needed to make the above-mentioned determinations, without which a vessel would be denied eligibility for benefits as listed.

Also, non-maritime agencies such as the Internal Revenue Service rely on this information in determining eligibility for investment tax credits and the like.

This information collection determines if the entities that desire to avail themselves of the lease finance provisions are eligible for a coastwise endorsement in accordance with the Coast Guard and Maritime Transportation Act of 2004 (Pub. L. 108-293) statutory amendments.

3. Consideration of the use of improved information collection technology.

Information may be submitted by mail, fax or electronically submitted via e-mail to the National Vessel Documentation Center (NVDC), depending on the type of documentation action needed. Details on e-mail & fax submissions are at—
<http://www.uscg.mil/hq/cg5/nvdc/nvdcpdf.asp>. Forms are available at—
<http://www.uscg.mil/hq/cg5/nvdc/nvdcforms.asp>. We estimate that at this time 1% of the reporting and recordkeeping requirements are done electronically.

4. Efforts to identify duplication. Why similar information cannot be used.

There are no other Federal agencies with similar programs. Other agencies involved in maritime affairs (i.e., Maritime Administration (MARAD)) collect no similar information and in many cases must rely upon the information collected in connection with the documentation of vessels. There is no similar information available that could be used or modified for these purposes.

5. Methods to minimize the burden to small entities if involved.

The information collection will involve some small organizations, including small businesses, individuals, non-profit organizations, municipal governments, small shipbuilders, boat dealers, and lending institutions. Due to various statutory requirements imposed by the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313, the minimum number of requirements and the collection of information is consonant with the current statutes, the possibility of differing compliance or reporting requirements or timetables for small entities is precluded.

6. Consequences to the Federal program if collection were conducted less frequently.

The frequency of submission of information is the minimum consistent with the maintenance of internal records and enforcement of substantive laws in effect. Presently, the regulations clearly mandate the frequency of use, and changing the requirements would make the regulations less effective.

7. Explain any special circumstances that would cause the information collection to be conducted in a manner inconsistent with guidelines.

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

8. Consultation.

A 60-day Notice and 30-day Notice were published in the *Federal Register* to obtain public comment on this collection. (See [USCG-2009-0412]; June 4, 2009, 74 FR 26872 and September 25, 2009, 74 FR 48998). The Coast Guard has not received any comments on this information collection.

9. Explain any decision to provide any payment or gift to respondents.

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

10. Describe any assurance of confidentiality of information.

The information collected is generally not of a type considered confidential by those supplying it. However, those forms requiring confidential information have a "Privacy Act" statement on them. The respondent furnishes any confidential information on a voluntary basis for benefits.

11. Additional justification for any questions of a sensitive nature.

There are no questions of sensitive language.

12. Estimate of reporting and recordkeeping hour and cost burdens of the collection of information.

- The estimated number of respondents is **264,312**
- The estimated number of responses for is **322,215**
- The estimated annual hour burden on the public is **54,466**
- The estimated cost burden for the first year is **\$2,287,572.00**

a) Burden as a result of vessel documentation provisions in the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313.

The **estimated number of respondents is 264,312**. This figure is based upon the total number of documented vessel owners in the United States Coast Guard's Marine Information Safety and Law Enforcement database (MISLE).

The **estimated number of responses is 322,215**. This figure is based upon the total number of vessel documentation forms submitted to the National Vessel Documentation Center.

The **annual hour burden on the public is 54,466**. This burden represents the sum of the burden hours calculated for each form, and the administrative work required by the application for a coastwise endorsement for vessel owners under a demise charter.

The frequency of responses is estimated to be approximately **1.22 per annum per respondent**. This estimate is based upon number of vessel documentation forms divided

by the number of vessel owners in the MISLE database, and it will vary considerably depending on the respondent and the number of vessels owned by the respondent.

The average burden is expressed as follows:

Burden as a result of vessel documentation provisions in the Shipping Act of 1916, as amended, section 27 of the Merchant Marine Act of 1920, as amended, (Jones Act), 46 U.S.C. Chapters 121, 123, 125, and 313.				
	Submissions per year (#)	Time to complete (minutes)	Burden hours	Cost @ \$42/hour
CG-1258	39,137	30	19,566	\$821,772
CG-1261	3,829	30	1,915	\$80,430
CG-1280	234,431	5	19,536	\$820,512
CG-1340	31,361	20	10,454	\$439,068
CG-1356	5	20	2	\$84
CG-4593	2,387	10	398	\$16,716
CG-5397	8,998	15	2,250	\$94,500
CG-5542	2,067	10	345	\$14,490
TOTAL	322,215		54,466	\$2,287,572

In calculating the cost of the information collection to the public a value of \$42.00 per hour, the GS-9 wage as determined by COMDTINST 7310.1L, was placed on the public's time. The GS-9 wage was determined to best represent the average wage of the public employee completing the vessel documentation forms. Business overhead and the necessity for professional assistance in completing the forms associated with more complex transactions have been factored into the dollar estimate.

13. Estimate of annualized capital and start-up costs.

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

14. Estimate of annualized Federal Government costs.

The Coast Guard vessel documentation program will be unable to function according to the statute without the additional information collected from these forms. We are including the entire cost of the program as annualized cost to the Government.

We determined that there were 88 Full-Time Equivalents (FTE) and 3 Part-Time Equivalents (PTE) consumed annually by the vessel documentation program in the field. By applying hourly standard rates provided in the Coast Guard Standard Rate Instruction (Commandant Instruction (COMDTINST) 7310.1 series) and the Coast Guard Staffing Standards Manual (COMDTINST M5312.11) and including Fiscal Year 2009 operating budget of \$736,423.00. The National Vessel Documentation Center (NVDC) program costs approximately \$8,573,938.00.

15. Explain the reasons for change in burden.

The change in burden is an ADJUSTMENT due to a change (i.e., increase) in vessel population. This change may be due to normal fluctuation in the documented fleet of vessels, or due to recent the migration to the MISLE database from the legacy Marine Safety Information System (MSIS) database.

16. For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication.

This information collection will not be published for statistical purposes.

17. Explain the reasons for seeking not to display the expiration date for OMB approval of the information of collection.

The Coast Guard will display the expiration date for OMB approval of this information collection.

18. Explain each exception to the certification statement.

The Coast Guard does not request an exception to the certification of this information collection.

B. Collection of Information Employing Statistical Methods

This information collection does not employ statistical methods.