Supporting Statement

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

OMB 1625-0046

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 operators and financial guarantors 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.

This information collection does not have an impact on small businesses or other small entities.

6. Consequences of Less Frequent Collection.

If the collection is not conducted or is conducted less frequently, the NPFC could not ensure that the respondents 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.

a. Respondents might be required to report information to the agency more often than quarterly if they desire a COFR more frequently.

b. There is no requirement that respondents prepare a written response to a collection of information in fewer than 30 days after receipt of it.

c. There is no requirement that respondents submit more than an original and two copies of any document.

d. There is no requirement that respondents retain records other than health, medical, government contract, grant-in-aid, or tax records for more than 3 years.

e. There is no statistical survey involved.

f. There are no special circumstances that would cause an information collection to be conducted in a manner that includes a pledge of confidentiality that is not supported by the authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

g. The only confidential information that may be required is company financial data, which would be submitted if the respondent chooses to obtain a COFR by means of self-insurance or financial guaranty method. Should respondents not wish to disclose this information, they could use an alternative method to obtain a COFR (e.g., insurance from a commercial provider).

8. Outside Consultation for This Collection Effort.

A notice of proposed rulemaking was published in the Federal Register on February 5, 2007 (73 FR 6642) requesting comments on these amendments to this collection of information. No comments were received regarding the collection of information.

9. Payments or Gifts to Respondents.

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

10. Confidentiality Issues.

There were no confidentiality issues raised in the development of the information requirements that are the subject of this request. Coast Guard program personnel will handle the information. Program personnel are responsible for the storage and ultimate disposal of the information required to be reported. Agency policy is to ensure FOIA and Privacy Act requirements are followed in its custody of information. Any material submitted by respondents who request assurances of confidentiality will be handled in accordance with established agency practices as well as applicable statutes.

11. Questions of a Sensitive Nature.

There are no questions of sensitive nature.

12. Burden Hours.

This information collection has two types of respondents:

- The approximately 900 United States operators and 9,000 foreign operators 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, must submit documentation every year.

In addition, a one-time information collection would go into effect upon the promulgation of Financial Responsibility (Vessels) and OPA 90 Limits of Liability rulemaking (USCG-2005-21780). As a result of this rulemaking, all 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). This rulemaking would also remove the recordkeeping burden of maintaining hard copies of COFRs onboard vessels (previously determined to be 137 hours per year).

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 $26.04 per hour)[2]	$88,500	$260,400

Total Burden Hours (Year 1 Only)	**13,400**
Total Burden Hours (Year 2 and Beyond)	**3,400**
Total Cost (Year 1 Only)	**$348,900**
Total Cost (Year 2 and Beyond)	**$88,500**

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.

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.

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

[2] Burdened labor rate based on 2005 Bureau of Labor Statistics mean national wage average ($18.21 per hour) + 43 percent overhead factor to estimate employee benefits. Bureau of Labor Statistics data shows that total employee benefits is approximately 30% 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. $18.21 per hour + 0.43 x 18.21 = $ 26.04 per hour.

[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.

The Delaware River Protection Act of 2006, title VI of the Coast Guard and Maritime Transportation Act of 2006 (Public Law # 109-241), amended the liability limits under the Oil Pollution Act. Because COFRs demonstrate ability to meet the OPA limits, the Coast Guard is promulgating regulations requiring that operators and financial guarantors of vessels under 33 C.F.R. 138.12 submit updated documentation for COFRs to reflect the amended limits.

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.