

# **Commercial Space Transportation Financial Responsibility Requirements For Licensed Launches**

**14 CFR Part 440**

**Effective October 26, 1998**

**Paperwork Reduction Act Submission by FAA/AST to  
Office of Management and Budget  
#2120-0601**

This document outlines the information collection requirements associated with the commercial space transportation financial responsibility requirements for licensed launch activities to be submitted to the Office of Management and Budget for approval.

## **JUSTIFICATION**

1. Explain the circumstances that make collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. This collection is applicable upon concurrence of requests for conducting commercial launch operations as prescribed in 14 CFR, Parts 401, et al, Commercial Space Transportation Licensing Regulation. A commercial space launch services provider must complete the Launch Operators License, Launch-Specific License or Experimental Permit in order to gain authorization for conducting commercial launch operations. The rule codifies the FAA Office of Commercial Space Transportation's (FAA/AST) financial responsibility requirements.

These regulations are set forth under 49 U.S.C. Subtitle IX, 701—Commercial Space Launch Activities, 49 U.S.C. §§ 70101-70119 (1994). The information collected is needed in order to demonstrate to FAA/AST that the activity meets applicable public safety, national security, and foreign policy interests of the United States.

The information collection requirements described in this statement are necessary to support section 440.0 of the rule, in which the licensee must demonstrate compliance with financial responsibility and allocation of risk requirements that are among the activities carried out under a launch license or experimental permit application issued by FAA/AST.

The rule establishes financial responsibility requirements as a condition of every launch license or permit issued by FAA/AST. Specifically, the applicant (licensee or permittee), in supporting FAA/AST's determination of maximum probable loss, must submit information on mission description, pre-flight processing operations, flight operations, and post-flight processing operations. In addition, the applicant must submit evidence of financial responsibility and compliance with allocation of risk requirements. This evidence includes a three-party cross-waiver of claims agreement, evidence of insurance as well as financial responsibility in a form other than insurance, and proof of insurance, that is, liability insurance to pay claims of third parties for bodily injury and property damage resulting from licensed launch activities. This ensures a more streamlined submission of required material and result in a more efficient license application evaluation process. This collection of information supports the Department of Transportation's Strategic Goal on Safety. Specifically, the goal is to promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. This information collection requirement enables FAA/AST to determine the maximum probable loss (MPL) (section 440.7c) resulting from licensed or permitted launch activities. Section 440.15(c) specifies the formalities the licensee must undertake to certify proof of insurance coverage (section 440.9) as a precondition for FAA/AST issuing a launch operator license, launch-specific license or experimental permit.

Demonstration of compliance, on the part of the applicant, provides meaningful, accurate, and comprehensive information. This information enables FAA/AST to preempt any conflicting or inconsistent requirements in any agreement the licensee may have previously entered into with other agencies of the United States concerning access to or use of United States launch property or launch services.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, and mechanical or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden. The office has implemented the following for improved information technology enhancements:

- In accordance with the government Paperwork Reduction Act, a website is maintained to improve the ability of the public to access information pertaining to the collection of information.
- Most correspondence information and applications are transmitted electronically.

Since some information is proprietary, some license applicants may prefer submitting through secure mail or courier. A small number of applicants are expected, and therefore the number of paperwork submissions will remain very low.

4. Efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for the purposes described in Item 2 above. By preempting conflicting or inconsistent requirements in U.S. Government agreements entered into by the licensee, the financial responsibility and allocated risk requirements are designed to avoid imposing duplicative and inconsistent obligations on the licensee. Collected information needed to satisfy these requirements is unique. There are no other government agencies that collect such information as required for financial responsibility for licensed launches.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden on small businesses or other small entities. Pursuant to the Regulatory Flexibility Act of 1980 (RFA), FAA/AST certifies that the rule does not have a significant economic impact on a substantial number of small entities. Regulations were written to allow flexibility and innovation on the part of the private sector.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden. The frequency of recordkeeping or reporting is contingent upon the respondent submitting an application for a launch operator license or launch-specific license.

7. Explain any special circumstances that would cause the requirement to be inconsistent with guidelines 5 CFR 1320.5(d)(2)(i)-(viii). This requirement follows the guidelines in 5 CFR 1320.5(d)(2)(i)-(viii).
8. Describe 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 recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. A 60-day notice was published in the Federal Register on August 24, 2011, page 53024, to solicit comments on the collection related to Commercial Space Transportation Financial Responsibility Requirements Licensed Launches. No comments were received. This regulation became effective as of October 26, 1998.
9. Explain any decisions to provide any payment as gift to respondents, other than re-enumeration of contractors or grantees. No payments or special compensation will be provided to the respondents.
10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. All information collected, including company proprietary information, is certified to comply with the Freedom of Information Act.
11. Provide additional justification for any questions of a sensitive nature. No sensitive information is required.
12. Provide estimates of the hour burden of the collection of information. The burden estimate for industry involves hours associated with financial responsibility aspects of each launch license (i.e., data collection, maximum probable loss determination, documentation, and verification of insurance compliance, as well as the verification and maintenance of cross-waivers). The FAA estimated time required by industry based on prior experience and estimated that there will be an average of six license and/or permit applicants per year.

As shown in Table 1, the estimated cost per application (\$5,903) is calculated by multiplying the estimated hourly wage rate (\$59.03) by the estimated average hours required for the application (100). The annual costs per year for the launch site licenses (\$35,420) are calculated by multiplying the estimated cost per application (\$17,710) by the total number of applications received on a yearly basis (6).

The total annual industry hours for submitting licensing applications (600) are calculated by multiplying industry hours to submit an application (100) by total annual applications (6). The industry hourly rate (\$59.03) is the unit labor cost for aerospace engineering personnel involved in gathering, reviewing, and formatting the information required in each license application. The industry hourly rate is based on aerospace engineering personnel only; it does not include rates for executive or managerial personnel. The industry hourly rate includes a fringe benefit multiplier of about 32 percent, based on discussions with industry. The estimated cost to industry per application (\$5,903) is calculated by multiplying the estimated unit labor cost by the estimated industry hours required to submit an application (100). The total estimated annualized costs (\$35,418) are calculated by multiplying the cost to industry per application by the total annual applications (6).

**Table 1: Estimated Burden Hours and Annual Costs to Industry for Financial Responsibility Regulations**

Annual number of applicants	6
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Annual number of applications per applicant	1
<b>Total annual applications</b>	<b>6</b>
Industry hours to submit an application	100
<b>Total annual industry hours</b>	<b>600</b>
Industry hourly rate	\$59.03
Cost to industry per application	\$5,903
<b>Total estimated annualized costs</b>	<b>\$35,418</b>

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. There is no additional cost for capital expenses other than that shown in item 12.

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

The cost to the government for processing the financial information is driven by procedures involving review and analysis of the information contained in the application. The cost per first launch license includes additional costs related to data collection associated with the determination of maximum probable loss, as well as the verification and maintenance of cross waivers.

Based on the 2007 GS 13 Step 5 wage, the annual cost per federal worker is \$75,879. The government hourly rate (\$36.48) is calculated by dividing the annual salary by the total yearly government working hours (2,080) per worker. A fringe benefit multiplier of 32.45% is used to increase the government hourly rate to \$48.32.

The estimated cost to process the collected information is calculated by multiplying the average hourly wage rate (\$48.32) by the estimated total hours (960). The total annual government hours to process the collected information (960) are calculated by multiplying government hours required to process each application (160) by the total number of new applications (6). The total estimated annualized costs (\$46,386) are calculated by multiplying the cost to the government per application (\$7,731) by the total annual applications (6).

Burden estimates for the government are based on those hours required for facilitating pre-application consultation; license application acceptance and review procedures; disposition of a license (i.e., approved or disapproved); and issuance of the license. The government estimates include environmental personnel.

**Table 2: Estimated Burden Hours and Annual Costs to Government for Verifying Financial Responsibility Requirements**

Annual number of applicants	6
Annual number of applications per applicant	1
<b>Total annual applications</b>	<b>6</b>
Government hours to process an application	160
<b>Total annual Government hours</b>	<b>960</b>
Government hourly rate	\$48.32
Cost to Government per application	\$7,731
<b>Total estimated annualized costs</b>	<b>\$46,386</b>

15. Explain the reasons for any program changes or adjustments. There have been no burden changes since the previous submission.

16. For collections of information whose results will be published, outline plans for tabulation, and publication. We do not intend to publish this information.

17. If seeking approval to not display the expiration date of OMB approval of the information collection, explain the reasons that display would be inappropriate. No approval is sought.
18. Explain each exception to the certification. There are no exceptions.