

**Supporting Statement
for
Direct User Fees for Inspection or Examination of
U.S. and Foreign Commercial Vessels**

OMB No.: 1625-0074
COLLECTION INSTRUMENTS: None

A. Justification.

1. Circumstances that make the collection of information necessary.

Title 46 U.S.C. 2110 requires the collection of user fees for Coast Guard inspection services. The user fee regulations for Coast Guard inspections or examinations of U.S. and foreign commercial vessels are in 46 CFR Part 2.

This information collection supports the following strategic goals:

Department of Homeland Security

- Prevention
- Protection

Coast Guard

- Safety
- Protection of Natural Resources

Prevention Policy & Response Policy Directorates (CG-5P & CG-5R)

- Safety: Eliminate deaths, injuries, and property damage associated with commercial maritime operations.
- Human and Natural Environment: Eliminate environmental damage associated with maritime transportation and operations on and around the nation's waterways.
- 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 the information is to be used.

The Coast Guard is required to charge fees, and must have certain minimal information to credit payments to specific vessels. This information includes, among other things the vessel name and Official Number (O.N.).

Requirements are also in place for those owners who choose to pay the annual inspection fee for a period of three years or more years. This requires the owner to submit a written request to Coast Guard Headquarters specifying the O.N. and the period for which prepayment is to be made (However, it should be noted that vessel owners typically pay on an annual basis). The entitlement to inspection services may not be transferred to any other vessel.

Also, if the vessel is permanently removed from Coast Guard certification, the owner may seek a refund of the remaining prepayment amount by submitting a written request

(payments in advance for more than six months are normally refunded to the owner). Moreover, a refund is given if a fee has been paid and the Certificate of Inspection (COI) is deactivated prior to the user fee anniversary date and will not be reactivated before the next anniversary date. Refunds are not issued if a vessel is taken out of service before the anniversary date. The request for a refund must be submitted to the Officer-in-Charge, Marine Inspection (OCMI) to whom the COI is surrendered.

Organizations seeking exemption from the annual inspection fee for their vessels must also submit a written request for exemption to the OCMI of the Marine Inspection Zone in which the vessel normally operates. It should include the vessel name, the vessel identification number (VIN) and evidence of the organization's charitable or non-profit nature. The information must demonstrate that the vessels are used exclusively for training youths in boating, seamanship and navigation skills if the exemption is sought on the grounds that the vessel's purpose is youth oriented, vessels owned or operated by the Federal government, and vessels providing medical services.

Finally, a requirement is established for Federal agencies owning inspected vessels for which fees would be paid directly using Federal funds. The Coast Guard will waive these fees. However, the Federal agency seeking the exemption must still give the Coast Guard the name and VIN of the vessels to be exempted by October 1 of each year. Requests for waivers and/or exemptions are typically received through e-mail or correspondence.

If the required information and payment of fees is not provided, the Coast Guard may not be able to determine which vessel the payment is for, or resolve problems if discrepancies occur, such as out of balances, overpayments, underpayments, and payments returned due to insufficiency of funds. This would result in additional burdens being placed on vessel owners and operators, and on the Coast Guard. It could also result in unnecessary delays to vessels if inspection services are withheld pending verification of payment. Furthermore, accounting problems would probably develop that would hinder future collection of fees.

Other information requirements will apply only to a relatively small number of vessel owners or operators who will request a refund, waiver, exemption, or seek to prepay the fees for multiple years. Without the additional information provided by the vessel owner or operator, the Coast Guard would not have enough information to process the request or make a proper determination related to the benefit the vessel owner or operator seeks.

3. Consideration of the use of improved information technology.

User fee payments can be sent by mail, fax or wire transfer to the CG. Special requests can be sent by mail, fax or electronically submitted by e-mail to the CG. Payments may be sent to the CG Finance Center, at—
<http://www.fincen.uscg.mil/VIF.htm>. Additionally, they may be sent to the local CG Sector Office. A list of Coast Guard sectors, as part of a comprehensive list of Coast Guard units, can be found at <http://www.uscg.mil/top/units/>. We estimate that 100% of the reporting requirements can be done electronically. At this time, we estimate that approximately 20% of the responses are collected electronically.

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

The user fee collection of information is not duplicated elsewhere. There is no similar information available elsewhere for the purpose of collecting the fees.

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

Aside from a user-friendly notification letter, the Coast Guard has put into place a modern and efficient payment collection program. Through the computer tracking system, payment histories are updated within one business day of receipt.

6. Consequences to the Federal program if collection were not done or conducted less frequently.

The requirement to collect fees annually is mandated by law. The Coast Guard cannot manage the collection of fees without the information concerning the vessel name, VIN and other identifying information.

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 a 30-day Notice were published in the *Federal Register* to obtain public comment on this collection. (See [USCG-2013-0519]; July 16, 2013, 78 FR 42535; and October 31, 2013, 78 FR 65349 respectively). The Coast Guard has not received any comments on this information collection.

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

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

10. Describe any assurance of confidentiality provided to respondents.

There are no assurances of confidentiality provided to the respondents for this information collection. Since payments are mailed to Bank of America, normal safeguards are employed to protect personal financial information.

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

There are no questions of sensitive language.

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

- The estimated number of annual respondents is 14,374.
- The estimated number of annual responses is 25,720.
- The estimated hour burden is 2,782 hours.
- The estimated cost burden is \$161,005.

The average time for responses and special requests has not changed. The estimated total annual burden is shown in Appendix A.

The estimated annual cost to respondents is also shown in Appendix A. The cost to most respondents is related to mailing a check, money order or CC info to Bank of America once a year. The handling of this correspondence requires clerical personnel (equivalent to Petty Officer Third Class (E-4 Out of Gov't)), in accordance with COMDTINST 7310.1(series). Other costs associated with this collection are incurred by respondents who submit special requests. These special requests by respondents require the preparation of a letter and photocopies of documents for exemption requests.

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

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

14. Estimates of annualized Federal Government costs.

The estimated annual Federal Government cost is shown in Appendix B. This includes the cost for the work (equivalent to a GS-13 User Fee Collection Technician per the COMDTINST 7310.1(series)), plus the cost paid to a subcontractor to print and mail the letters and printer maintenance.

15. Explain the reasons for the change in burden.

The change (i.e., decrease) in burden is an ADJUSTMENT due to a reduction in the estimated annual number of responses. There is no proposed change to the reporting and recordkeeping requirements of this collection. The reporting and recordkeeping requirements remain unchanged.

The following items listed below are changes to the collection:

- Updates are provided for cost burden associated with this collection of information.
- The Coast Guard has updated printable instructions for this collection of information (i.e., the addition of the OMB expiration date, and in the burden statement (footer) the update of the CG's mailing address).

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. Approval to not display expiration date.

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 collection does employ statistical methods.