SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSIONS
UNDER 5 CFR PART 1320
Information Collection: 2133-0032
Expiration: February 28, 2015

Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Construction Reserve Fund (CRF), authorized by 46 U.S.C. Chapter 533 (the Act), is a financial assistance program which provides tax deferral benefits to U.S.-flag operators. Eligible parties can defer the gain attributable to the sale or loss of a vessel, provided the proceeds are used to expand or modernize the U.S. merchant fleet. The primary purpose of the CRF is to promote the construction, reconstruction, reconditioning, or acquisition of merchant vessels which are necessary for national defense and to the development of U.S. commerce.

This information collection supports the Secretary of Transportation's economic growth and trade strategic goal.

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.

A CRF may be established by any citizen of the United States who owns, in whole or in part, a vessel or vessels operating in the foreign or domestic commerce of the United States or in the fisheries. Additionally, a citizen who is operating such vessel or vessels owned by another individual may establish a CRF. The benefits available to the non-owner operator, however, are limited. Also eligible to establish a CRF are owners of vessels operating in the fisheries of the United States, its territories, and possessions.

The information provided in the application will be utilized by the Maritime Administration (MARAD) to determine if an applicant qualified for the benefits. The annual statement is used by MARAD to assure that accountholders are satisfying the requirements of the program.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Also describe any consideration of using information technology to reduce burden.

MARAD is in communication with fund holders on a regular basis and encourages electronic filing. In fact, about 90% of filings are now done electronically.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in item 2 above.

The CRF program is unique to MARAD and other agency or organization has a similar or related program.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

The collection of information may be from small shipping companies. Timely information is requested when a shipowner or operator desires to obtain benefits of the CRF program. There is no requirement for any shipowner or operator to submit any information if they do not desire the CRF benefits. However, a company that is party to a CRF agreement must submit an annual statement setting forth the detailed analysis of the status of the CRF fund when each income tax return is filed. The only other requirement a party to a CRF agreement has is that when they wish to withdraw monies from the fund, they send a check to the Maritime Administration where it is countersigned and return to them. This minimizes the burden as much as possible, i.e., submitting the original application, annual statements, and checks only when money is to be withdrawn.

6. Describe the consequence to Federal program or policy activities of the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Once a shipowner or operator has submitted an application and has been approved for a CRF agreement, the only requirement is for the respondent to submit to MARAD a statement setting forth a detailed analysis of the CRF fund when each income tax return is filed for a taxable year. Since a CRF account is a joint account between fundholder and the Maritime Administration, the annual fund statement is required in order for MARAD to properly administer the program and make sure at the time of countersigning a check that there is sufficient funds in the particular CRF account to cover the withdrawal. The consequence to the Federal program or policy activities if the statements were not collected annually would be the Maritime Administration’s inability to properly administer the program.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- requiring respondents to submit more than an original and two copies of any document;
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;

- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or
- requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There are no special circumstances that require the collection of information to be conducted in a manner described above.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

- 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 record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.
- Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The Maritime Administration published a 60-day notice and request for comments on this information collection in the Federal Register (79 FR 56119) on September 18, 2014, indicating comments should be submitted by November 17, 2014. No comments were received.

In addition, a Maritime Administration staff member communicates with respondents regarding the basis and reporting consistency of the information submitted. Since the CRF program is unique to MARAD, no consultation outside the agency other than with respective depositories is required.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The information requested is not confidential in nature and, consequently, no assurance of confidentiality need be given.

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11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Not applicable. There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to **vary** widely because of differences in activity, size, or complexity, show the range of estimated burden and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in item 13 of OMB Form 83-1.

- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in item 14.

It is estimated that 17 applicants will require eight hours per response (or total of 136 hours) to prepare the application.

Number of Respondents		Responses Per Respondent		Total Responses Annually		Hours Per Response		Total Hours Annually
17	x	1	=	17	x	8	=	136

It is estimated that an employee in each of six separate areas spends eight hours of their time collecting and assimilating the information submitted with each application. Therefore, given an average salary of $225/per hour for each of the employees, the cost per application to the respondent is estimated as follows:

Total Number of Employees		Hourly Wage		Project Time		Cost per Response		Number of Respondents		Total Costs
6	x	$225	x	8 hours	=	$10,800	x	17	=	$183,600

4 Professional and Technical Workers
2 Attorneys

It is estimated that 17 respondents will require one hour per response (or total of 17 hours) to prepare the annual report.

Number of Respondents		Responses Per Respondent		Total Responses Annually		Hours Per Response		Total Hours Annually
17	x	1	=	17	x	1	=	17

It is estimated that an accountant, auditor or bookkeeper will spend one hour of their time collecting and assimilating information for the annual statement. Therefore, the estimated cost to respondents for annual statements is:

Number of Respondents		Responses Per Respondent		Cost Per Hour		Hours Per Response		Total Cost Annually
17	x	1	x	225	x	1	=	$3,825

Total Annualized Costs to the respondent is as follows: $183,600 + $3,825 = $187,425.
Total annual burden hours: 136 + 17 = 153

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in items 12 and 14).

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices.

The estimated annual cost burden to the respondents is as follows:

(a) Total Capital and Start-up Costs Estimate: There are no capital or start-up costs associated with this information collection.

(b) Total Operation and Maintenance and Purchase of Services Estimate: There are no maintenance costs.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from items 12, 13, and 14 in a single table.

The total annual cost to the Federal Government for processing the collection is estimated as follows:

Cost of Application: $49,960.21

It is estimated that six employees in various areas of the Maritime Administration spend an average of four hours of their time collecting, reviewing and assimilating information submitted with each application. Therefore, given average GS-14 salary of $66.19 per hour for each of the employees and an overhead cost of 85 percent of the salary, the cost to the Government is estimated as follows:

Number of Employees		Hourly Wage		Project Time		Cost Per Application
6	x	$66.19	x	4 hours	=	$1,588.56
Overhead at		85%			=	$1,350.28
Sub-total					=	$2,938.84

$2938.84 x 17 applications per year = $49,960.21

Cost of Annual Statement: $836.23

It is estimated that one employee receives the annual statements, enters the amount into ledger, and files the statements. Time required for these tasks is 30 minutes and the hourly rate is $53.00.

Number of Employees		Hourly Wage		Project Time		Cost Per Application
1	x	$53.19	x	.5 hours	=	$ 26.59
Overhead at 85%					=	$ 22.60
Sub-total					=	$ 49.19
$49.19 x 17 responses per year					=	$836.23

Cost of Checks: $683.72

It is estimated that one employee receives the check in the mail, verifies the amount in the account, gives the check to the signing official, receives back the signed check, and mails the check to the respondent. Time required for these tasks is 20 minutes at an hourly rate of $65.88.

Number of Employees		Hourly Wage		Project Time		Cost Per Application
1	x	$65.88	x	.33 hours	=	$ 21.74
Overhead at 85%					=	$ 18.47
Sub-total					=	$ 40.21
$40.21 x 17 checks (1 per applicant)					=	$683.72

Total Annual Cost to the Federal Government: $51,480.16

Application		Annual Statements		Checks		Total
$49,960.21	+	$836.23	+	$683.72	=	$51,480.16

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of OMB Form 83-1.

The Maritime Administration has re-evaluated its application processing procedures and determined that six is a more accurate reflection of the number of staff that is involved in reviewing applications. Additionally, in recent years the number of applications has increased to the estimated 17 collections annually.

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

the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates and other actions.

There are no plans to publish the results of this information collection for statistical purposes.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

MARAD is not seeking such approval.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-1.

Not applicable. There are no exceptions to the certificate statement.