

Supporting Statement
Petroleum Refineries in Foreign Trade Sub-zones
1651-0063

A. 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 Foreign Trade Zones Act, 19 U.S.C. 81c(d) contains specific provisions for petroleum refinery sub-zones. It permits refiners and U.S. Customs and Border Protection (CBP) to assess the relative value of such multiple products at the end of the manufacturing period during which these products were produced, when the actual quantities of these products resulting from the refining process can be measured with certainty.

19 CFR 146.4(d) provides that the operator of the refinery sub-zone is required to retain all records relating to the above mentioned activities for five years after the merchandise is removed from the sub-zone. Further, the records shall be readily available for CBP review at the sub-zone.

Instructions on compliance with these record keeping provisions are available in the Foreign Trade Zone Manual which is accessible at:
<http://www.cbp.gov/document/guides/foreign-trade-zones-manual>.

- 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 .**

CBP uses this information to collect duty, oversee foreign trade zone (FTZ) activities, target specific shipments and commodities for inspection, review and/or audit.

Failure to have correct and accurate information could result in the wrong rate of duties, taxes and fees being assessed. In addition to the monetary impact, circumvention of trade agreements, inaccurate trade statistics and non-compliance with U.S. trade laws could occur.

- 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, 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 majority of Petroleum Refinery FTZs use automated systems to keep records. CBP estimates that about 95 percent of record keepers use electronic records.

- 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.**

This information is not duplicated in any other place or any other form.

- 5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

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

- 6. Describe consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

Without these prescribed record keeping requirements, CBP could not adequately monitor zone activities in oil refineries, which would impact revenue collection. Inadequate FTZ accounting controls can also result in circumvention of trade agreements, inaccurate trade statistics and non-compliance with U.S. trade laws.

- 7. Explain any special circumstances related to this collection of information.**

This information is collected in a manner consistent with the guidelines of 5 CFR 1320.5(d)(2).

- 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.**

Public comments were solicited through two Federal Register notices published on October 19, 2015 (Volume 80, Page 63239) on which no comments were received, and on February 22, 2016 (Volume 81, Page 8731) on which no comments have been received.

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

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

- 10. Describe any assurance of confidentiality provided to respondents and the**

basis for the assurance in statute, regulation, or agency policy.

The collection is not affected by the Privacy Act and is not impacted by a PIA or SORN. No assurances of confidentiality are provided to respondents.

- 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.**

There are no questions of a sensitive nature.

- 12. Provide estimates of the hour burden of the collection of information.**

INFORMATION COLLECTION	TOTAL ANNUAL BURDEN HOURS	NO. OF RESPONDENTS	NO. OF RESPONSES PER RESPONDENT	TOTAL RESPONSES	TIME PER RESPONSE
Recordkeeping for Petroleum Refineries	81,000	81	1	81	1000 hours

Public Cost

The estimated cost to the respondents is \$4,897,260. This is based on the estimated burden hours (81,000) multiplied by (x) the average loaded hourly wage rate for foreign trade zone operators (\$60.46). CBP calculated this loaded wage rate by multiplying the Bureau of Labor Statistics' (BLS) 2014 median hourly wage rate for Transportation, Storage, and Distribution Managers (\$41.06), which CBP assumes best represents the wage for foreign trade zone operators, by the ratio of BLS' average 2014 total compensation to wages and salaries for Management, Business, and Financial occupations (1.4725), the assumed occupational group for foreign trade zone operators, to account for non-salary employee benefits.^{1,2}

- 13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.**

The recordkeeping burden and costs are described in Item #12 of this Statement. There are no capitalization costs associated with this collection.

- 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.

The estimated annual cost to the Federal Government associated with the review of these records is \$184,503. This is based on the number of reviews/spot checks that must be conducted approximately (14) multiplied by (x) the time burden to review and process each response (235.71 hours) = 3300 hours multiplied by (x) the average hourly loaded rate for a general CBP employee (\$55.91)¹ = \$184,503.

CBP conducts approximately four (4) reviews per year, multiplied (x) by the average time per review (800 hours) = 3,200 hours, multiplied (x) by the average hourly loaded rate of a general CBP employee (\$55.91) = \$178,912.

CBP performs approximately ten (10) Spot Checks throughout the year, multiplied (x) by an estimated time per Spot Check (10 hours) = 100 hours, multiplied (x) an average hourly loaded rate for a general CBP employee (\$55.91) = \$5,591.

15. Explain the reasons for any program changes or adjustments reported in Items 12 or 13.

There has been no increase or decrease in the estimated annual burden hours previously reported for this information collection. There are no changes to these record keeping requirements.

16. For collection of information whose results will be published, outline plans for tabulation, and publication.

This information collection will not be published for statistical purposes.

17. If seeking approval to not display the expiration date, explain the reasons that displaying the expiration date would be inappropriate.

This is a record keeping function, so it is not appropriate to display the expiration date.

18. "Certification for Paperwork Reduction Act Submissions."

CBP does not request and exception to the certification of this information collection.

B. Collection of Information Employing Statistical Methods

No statistical methods were employed.

¹ CBP bases this wage on the salary and benefits of the national average of general, non-CBP Officer/frontline CBP positions, which is equal to a GS-12, Step 5. Source: Email correspondence with CBP's Office of Administration on June 25, 2015.

¹ Source of median wage rate: U.S. Bureau of Labor Statistics. Occupational Employment Statistics, “May 2014 National Occupational Employment and Wage Estimates, United States- Median Hourly Wage by Occupation Code: 11-3071.” Updated March 25, 2015. Available at <http://www.bls.gov/oes/2014/may/oes113071.htm>. Accessed June 15, 2015.

² The total compensation to wages and salaries ratio is equal to the calculated average of the 2014 quarterly estimates (shown under Mar., June, Sep., Dec.) of the total compensation cost per hour worked for Management, Business, and Financial occupations (62.67) divided by the calculated average of the 2014 quarterly estimates (shown under Mar., June, Sep., Dec.) of wages and salaries cost per hour worked for the same occupation category (42.56). Source of total compensation to wages and salaries ratio data: U.S. Bureau of Labor Statistics. Employer Costs for Employee Compensation. *Employer Costs for Employee Compensation Historical Listing March 2004 – December 2015*, “Table 3. Civilian workers, by occupational group: employer costs per hours worked for employee compensation and costs as a percentage of total compensation, 2004-2015 by Respondent Type: Management, business, and financial occupations.” June 10, 2015. Available at <http://www.bls.gov/ncs/ect/sp/eccecqrtn.pdf>. Accessed June 15, 2015.