

SUPPORTING STATEMENT
Bonded Warehouse Proprietor's Submission
1651-0033

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.**

CBP Form 300, *The Bonded Warehouse Proprietor's Submission*, is prepared annually by each warehouse proprietor, as mandated under 19 CFR 19.12 (g). The information on CBP Form 300 is used by CBP to evaluate warehouse activity for the year. This form must be completed within 45 days of the end of his business year, pursuant to the provisions of the Tariff Act of 1930, as amended, 19 U.S.C. 66, 1311, 1555, 1556, 1557, 1623 and 19 CFR 19.12. The information collected on this form helps CBP determine all bonded merchandise that was entered, released, and manipulated in the warehouse. CBP Form 300 is accessible at http://forms.cbp.gov/pdf/CBP_Form_300.pdf.

This information is collected from members of the trade community who are familiar with CBP policies and regulations.

- 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 .**

In the conduct of their compliance assessments and audits, CBP Officers and Regulatory Audit personnel use the information provided in the Annual Submission to validate and verify inventory entries and withdrawals that are documents in permit file folders (permit file folders are the source recordkeeping documents required by 19 CFR 19.12(d)(4)). If the information were not collected a loss of revenue could result because CBP would not be able to determine the proper amount of duties to collect.

- 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 .**

CBP Form 300 is currently paper based, and proprietors complete the form manually. CBP plans to automate the submission of this form in 2018. While normally the completed CBP Form 300 is held by the proprietor, there may be situations where the completed form must be submitted to the CBP Port director in accordance with 19 CFR 19.12(g). The proprietor must submit a letter to the Port Director within 10 business days that certifies that the CBP Form 300 has been completed.

- 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.**

If the collection were conducted less frequently, it could affect the annual audits and cause potential problems in revenue collection. The information collected on Form 300 is an integral part of the audit-inspection process.

- 7. Explain any special circumstances.**

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 March 13, 2017 (Volume 82, Pages 13464) on which no comments were received, and on June 22, 2017 (Volume 82, Pages 28508) on which one comment has been received.

Comment Received: July 24, 2017; Michael Payne, President and CEO

International Association of Airport Duty Free Stores (IAADFS).

Comment: Is it necessary for the proper performance of the agency, including whether the information has practical utility?

IAADFS Response: In our experience, the answer is no, it is not necessary for industry to produce such a lengthy paper document that is rarely, if ever, looked at by the agency. With the completion of ACE, CBP auditors have access to similar, or even better, information for use in targeting entries for audit. In fact, the Form 300 is a relic from a paper-laden past that has outlived its usefulness.

Comment on the accuracy of the agency's estimate of the burden of the proposed collection of information.

IAADFS Response: CBP estimated that it takes each respondent 10 hours to prepare the Form 300. This number is significantly understated. On average, our members estimate it requires close to 250 person hours to prepare the Form 300 annually.

Suggestions to minimize the burden of the collection?

IAADFS Response: Now that ACE is fully operational, we question whether CBP needs the Form 300 report at all. CBP should be able to obtain the data for targeting entries at an HTS level through the ACE reporting tool, which should serve the same purpose as requiring the SKU-level detail on the Form 300. If eliminating the Form 300 altogether is not possible, then we suggest eliminating the requirements to provide detail at the SKU level.

CBP Program Response:

OFO/CCS Response to Comments from the International Association of Airport Duty Free Stores:

In its July 24, 2017 submission, the International Association of Airport Duty Free Stores (IAADFS), a trade association representing some 400 duty free store enterprises, stated that the Automated Commercial Environment (ACE) and the use of modern, advanced-capability automated inventory control systems now obviates the need for proprietors of Class 9 bonded warehouses (*i.e.*, duty-free stores) to produce the paper-based CBP Form 300 to complete the annual submission process under 19 CFR 19.12(g). From a practical standpoint, the IAADFS now believes the usefulness of the paper CBP Form 300 to CBP port personnel in the performance of their oversight of bonded warehouses has waned significantly. Consequently, the association has recommended that CBP ought to rely on ACE report capabilities in conjunction with Class 9 proprietors' automated inventory control and management systems, as these are now the more appropriate mechanisms for tracking and auditing merchandise moving through bonded warehouses.

CBP agrees that the advent of advanced automated inventory control and recordkeeping systems (ICRS), in conjunction with their ability to produce detailed reports or documents on demand, would allow bonded warehouse

proprietors that employ such systems to adequately meet the requirements under 19 CFR 19.12(g).

CBP notes that the regulation does allow for alternative formats to be used for providing the information required on the CBP Form 300. As such, we accept the position that equivalent processes can be devised with software systems that can provide an equal or far greater level of compliance detail that is required with the CBP Form 300. Reporting capabilities can indeed be designed and programmed to provide CBP officers and auditors real-time access to all required data (*i.e.*, beginning balance, cumulative receipts, cumulative withdrawals, adjustments, shortages/overages, destructions, and year-end balance on hand) by entry number or unique identification number within a reasonable amount time allocated during an on-site compliance review or audit. Fundamentally, an ICRS must be able to identify, provide location, assess quantity, and properly record all merchandise deposited with Type 21/22 entries in order to guarantee thorough traceability from entry to final withdrawal and file folder closeout. If the port director determines a proprietor's ICRS will perform this function satisfactorily, it should be sufficient to allow the proprietor to comply with the annual submission mandate without incurring the staff time and expense of constructing a paper CBP Form 300. For bonded warehouse proprietors that continue to operate their facilities using manual, non-automated inventory control and recordkeeping systems, the annual submission requirement will remain dependent on the completion of the CBP Form 300.

CBP is exploring the alternative of developing an electronic format CBP Form 300 in conjunction with new guidelines and procedures regarding implementation, including the steps required on how to obtain authorization from port directors to opt out of the paper CBP Form 300.

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.

This 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
Bonded Warehouse Proprietor's Submission (CBP Form 300)	18,000	1,800	1	1,800	10 hours

Public Cost

The estimated cost to the respondents is \$1,129,140. This is based on the estimated burden hours (18,000) multiplied by (x) the average loaded hourly wage rate for warehouse operators (\$62.73). CBP calculated this loaded wage rate by first multiplying the Bureau of Labor Statistics' (BLS) 2015 median hourly wage rate for Transportation, Storage, and Distribution Managers (\$41.65), which CBP assumes best represents the wage for warehouse operators, by the ratio of BLS' average 2015 total compensation to wages and salaries for Management, Business, and Financial occupations (1.4911), the assumed occupational group for warehouse operators, to account for non-salary employee benefits.^{1,2} CBP then adjusted this figure, which was in 2015 U.S. dollars, to 2016 U.S. dollars by applying a 1.0 percent annual growth rate to the figure, as recommended by the U.S. Department of Transportation's value of travel time guidance.³

¹ Source of median wage rate: U.S. Bureau of Labor Statistics. Occupational Employment Statistics, "May 2015 National Occupational Employment and Wage Estimates, United States- Median Hourly Wage by Occupation Code: 11-3071." Updated March 30, 2016. Available at <http://www.bls.gov/oes/2015/may/oes113071.htm>. Accessed June 1, 2016.

² The total compensation to wages and salaries ratio is equal to the calculated average of the 2015 quarterly estimates (shown under Mar., June, Sep., Dec.) of the total compensation cost per hour worked for Management, Business, and Financial occupations (\$66.1575) divided by the calculated average of the 2015 quarterly estimates (shown under Mar., June, Sep., Dec.) of wages and salaries cost per hour worked for the same occupation category (\$44.3675). 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 – March 2016*, "Table 3. Civilian workers, by occupational group: employer costs per hours worked for employee compensation and costs as a percentage of total compensation, 2004-2016 by Respondent Type: Management, business, and financial occupations." June 9, 2016. Available at <http://www.bls.gov/ncs/ect/sp/eccecqrtn.pdf>. Accessed June 14, 2016.

³ Source: U.S. Department of Transportation, Office of Transportation Policy. *The Value of Travel Time Savings: Departmental Guidance for Conducting Economic Evaluations Revision 2 (2015 Update)*, "Table 4 (Revision 2-corrected): Recommended Hourly Values of Travel Time Savings." April 29, 2015. <http://www.transportation.gov/sites/dot.gov/files/docs/Revised%20Departmental%20Guidance%20on>

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

There are capitalization, start-up or maintenance costs associated with this information collection. OMB Control number 1651-0076, Customs and Border Protection Recordkeeping Requirements, accounts for any record keeping costs CBP imposes.

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 \$354,024. This is based on the number of responses that must be reviewed (1,800 multiplied by (x) the time burden to review and process each response (3 hours) = 5,400 hours multiplied by (x) the average hourly loaded rate for other CBP employees (\$65.56)⁴ = \$354,024.

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

There has been increased efficiencies in the private sector due to expanded automation associated with bonded warehouse inventory control methods that has resulted in a decrease in burden hours due to an adjustment in agency estimate of time per response.

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.

CBP has displayed the expiration date on this form.

18. "Certification for Paperwork Reduction Act Submissions."

CBP does not request an exception to the certification of this information

[%20Valuation%20of%20Travel%20Time%20in%20Economic%20Analysis.pdf](#). Accessed June 1, 2016.

⁴ CBP bases this wage on the FY 2016 salary and benefits of the national average of other CBP positions, which is equal to a GS-13, Step 5. Source: Email correspondence with CBP's Office of Administration on June 27, 2016.

collection.

B. Collection of Information Employing Statistical Methods

No statistical methods were employed.