

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

OMB No.: 1625-0074
COLLECTION INSTRUMENTS: Instruction

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) Purpose of the information collection.

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 have never used this option and instead typically pay on an annual basis). The entitlement to inspection services may not be transferred to any other vessel.

Although the pre-payment option has never been used, 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. 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 may be submitted by email or phone call to the Coast Guard Finance Center (FINCEN). Confirmation of COI status is sought by the FINCEN from 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 technology.

User fee payments can be sent by mail, fax or wire transfer to the CG, or through an online service (paygov). 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 FIN-DG-coiuserfees@uscg.mil. Further information about user fee payment can be found at — <https://www.fincen.uscg.mil/VIF.htm>. We¹ estimate that 100% of the reporting requirements can be done electronically. At this time, we estimate that approximately 23% of the responses are collected electronically.

4) Efforts to identify duplication.

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 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) Special collection circumstances.

This information collection is conducted in manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

¹ The term "we" refers to the Coast Guard.

8) Consultation.

A 60-Day Notice (See [USCG-2016-0938], December 27, 2016, 81 FR 95155) and 30-Day Notice (August 7, 2017, 82 FR 36811) were published in the Federal Register to obtain public comment on this collection. The Coast Guard has not received any comments on this information collection.

9) Provide any payment or gift to respondents.

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

10) 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. This information collection request is covered by the Marine Information for Safety and Law Enforcement (MISLE) Privacy Impact Assessment (PIA) and System of Records Notice (SORN). This information collection request is also covered by the DHS/ALL-008 Accounts Receivable SORN. Links to the PIA and SORNs are provided below:

- https://www.dhs.gov/sites/default/files/publications/privacy_pia_uscg_misle.pdf
- <https://www.dhs.gov/publication/dhsuscgpia-009-core-accounting-suite>
- <https://www.gpo.gov/fdsys/pkg/FR-2015-09-28/html/2015-24588.htm>

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

There are no questions of sensitive language.

12) Estimates of the hour and cost burden to respondents.

- The estimated number of annual respondents is 15,329.
- The estimated number of annual responses is 27,825.
- The estimated hour burden is 2,999 hours.
- The estimated cost burden is \$170,943.

The burden to respondents is provided in Appendix A. We estimate that for standard Fee Payment actions, it takes a clerical specialist approximately 9 minutes (0.15 hours) to Read the user fee Notification and make the Payment, about 3 minutes (0.05) to review the Payment Receipt Letter, and 6 minutes (0.1 hours) to pay the Overseas Inspections, Foreign Tank Vessel or Foreign MODU fee. We estimate that for Special Requests, it takes a clerical specialist about 30 minutes (0.5 hours) to prepare and submit an Exemption, Waiver, Prepayment or Refund request. The position of a clerical specialist is analogous to a Petty Officer Third Class (E-4). The wage rate used is in accordance with COMDTINST 7310.1Q for "Out-Government" personnel.

13) Total annualized capital and start-up costs.

There are no capital, start-up or maintenance costs associated with this information collection. For respondents, we estimate the cost for postage/copying is \$6,661.²

14) Estimates of annualized cost to the Federal Government.

The estimated annual Federal Government cost is \$288,522 (see Appendix B). We estimate that it will take a user fee collection technician (GS-13 In-Gov't) about 9 minutes (0.15 hours) to verify a payment, 30 minutes to process a prepayment request, and 2.5 hours to process an exemption, waiver or refund request. The wage rate shown is in accordance with the COMDTINST 7310.1Q for "In-Government"

² Estimated at 13,033 submissions time 49 cents/submission, plus 275 documents copied times \$1.00/copy.

personnel.

15) Explain the reasons for the change in burden.

The change in burden is an ADJUSTMENT due to a change (i.e., increase) 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.

16) Plans for tabulation, statistical analysis and publication.

This information collection will not be published for statistical purposes.

17) Approval for not explaining the expiration date for OMB approval.

The Coast Guard will display the expiration date for OMB approval of this information collection.

18) 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 information collection does employ statistical methods.