

Supporting Statement for 49 CFR Part 586, Replica Motor Vehicles New Collection

Introduction

This is to request the Office of Management and Budget's (OMB) approval and three-year clearance for the information collection titled, "49 CFR Part 586, Replica Motor Vehicles." (OMB Control No. 2127-New). Below is a summary of the proposed collection:

1. Responding to the collection would be mandatory for all replica vehicle manufacturers and entities seeking to register as a replica vehicle manufacturer.
2. Entities that manufacture replica vehicles or seek to register as a replica motor vehicle would be required to respond to the information collection.
3. This information collection would involve registration, reporting, labeling and consumer disclosure requirements.
4. The registration requirement would be a one-time information collection unless the replica vehicle manufacturer seeks to change the replica motor vehicles it manufactures. The reporting requirement for replica manufacturers would be an annual requirement and labeling and customer disclosures requirements would be met, as required, for each replica vehicle the respondent manufacturers.
5. Respondents would provide information about the replica vehicles that they seek to manufacture in its registration requirements and information about the replica vehicles they manufactured in the annual reports. The temporary label would alert prospective and actual purchasers of replica vehicles that the vehicle does not conform to the Federal motor vehicle safety standards and the consumer disclosure will include a description of the standards from which the vehicle is exempt.
6. NHTSA would receive the registrations and annual reports and replica vehicle consumers will receive the information provided on the temporary labels and in the consumer disclosures.
7. This information collection is necessary for NHTSA's implementation of the replica motor vehicle exemption program. NHTSA will use the registration information in determining whether to approve manufacturers to produce exempted vehicles and to ensure that the manufacturers and the vehicles they intend to manufacture qualify for the exemption program. The annual report will be used for tracking and enforcement purposes and to allow manufacturers to indicate whether they will continue manufacturing exempt replica vehicles. The temporary labels and consumer disclosures are intended to inform purchasers of replica vehicles about the safety standards to which the vehicle does not conform.
8. This is a new information collection.

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

NHTSA is required by the Fixing America's Surface Transportation (FAST) Act to exempt a limited number of replica motor vehicles manufactured by low-volume manufacturers from certain Federal standards each year. NHTSA is issuing a regulation that implements the exemption program. All the proposed reporting and record keeping requirements discussed below are mandated or contemplated by the FAST Act or are needed to carry out the statute.

First, in accordance with the FAST Act, low-volume manufacturers wishing to qualify for an exemption must register with NHTSA in accordance with this proposed regulation. The FAST Act mandates this registration requirement in 49 U.S.C. § 30114(b)(2), specifying that "a low-volume manufacturer shall register with [NHTSA] at such time, in such manner, and under such terms that [NHTSA] determines appropriate." NHTSA needs this information to keep track of the exempted vehicles, to ensure that the vehicles qualify as replica vehicles, and for enforcement purposes.

Second, in accordance with the FAST Act, manufacturers of replica vehicles would be required to submit annual reports. The annual reports are required by 49 U.S.C. 30114(b)(3)(C). The Act specifies that the annual report must include the number and description of the motor vehicles exempted, as well as a list of Federal motor vehicle safety standards (FMVSS) the exempted vehicles do not meet. In the annual report, manufacturers that are registered in the program (registrants) would be required to show NHTSA images of the vehicles they produced so that NHTSA can assess if the vehicles resemble the original vehicle. The registrants must also notify NHTSA if they will be manufacturing the same replica motor vehicles in the next calendar year and if so, how many vehicles they will be manufacturing. 49 U.S.C. 30114(b)(5) states that an exemption "shall expire at the end of the calendar year for which it was granted with respect to any volume authorized by the exemption that was not applied by the low-volume manufacturer to vehicles built during that calendar year."

Third, in accordance with the FAST Act, the proposed rule would require the registrants to disclose information to consumers. Because the replica vehicles will be exempt from current FMVSS, it is important that the consumer understand the reduced level of safety provided by the vehicle. In accordance with a mandate in 49 U.S.C. 30114(b)(3)(A), the NPRM, if adopted, would require registrants to affix a permanent label to the vehicle: identifying the specified standards and regulations from which the vehicle is exempt; stating that the vehicle is a replica; and designating the model year such vehicle replicates. In accordance with discretion provided to NHTSA in § 30114 (b)(3)(B), the proposed rule would require registrants to provide written notice of the exemption to the dealer and the first purchaser of the vehicle for purposes other than resale.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate actual use of the information received from the current collection.

This proposed collection of information includes: submission of registration documents and annual reports; and disclosure of information to consumers on temporary labels and in documents to accompany new replica vehicles at the time of sale.

NHTSA will use the registration documents submitted by manufacturers to determine whether to approve the registration. If the manufacturer has submitted documentation that supports that it meets the requirements for replica manufacturers and the vehicles it intends to manufacture meet the requirements for replica vehicles, NHTSA will approve the registration.

The annual reporting requirement would be essential to NHTSA's enforcement of the program, enabling the agency to better assess whether registrants are complying with the 325-vehicle limit and manufacturing vehicles qualifying as "replica motor vehicles." The reporting requirements would also enable NHTSA to keep track of registrants and the vehicles they produce, which would help the agency meet a FAST Act requirement to keep an up-to-date list of registrants and publish such list on an annual basis (§ 30114(b)(5)). NHTSA considered requiring all registrants to formally renew their registration annually but believes that this reporting process would simplify and reduce paperwork by eliminating the need to re-register with NHTSA if the same replica vehicles would be produced in the next calendar year.

If the proposed rule is finalized, registered replica manufacturers would be required to affix temporary labels to each replica vehicle and provide first purchasers with a customer disclosure. The temporary labels and customer disclosures are intended to better inform consumers about the replica vehicle exemption. NHTSA is proposing that the manufacturers provide a "purpose" statement for each standard and regulation from which the vehicle is exempt. The purpose statement would assist consumers in understanding the safety implications of the exemptions. NHTSA has proposed purpose statements for each of the standards and regulations covered by the replica vehicle exemptions for inclusion in a table to Part 586. NHTSA is proposing using slight revisions of the existing "purpose" statements set forth at the beginning of each NHTSA regulation and standard in the CFR and has provided proposed language for each of the existing standards. The agency is requesting comment on whether it is helpful for NHTSA to provide a table with language for the customer disclosures. If the table is not provided, replica manufacturers would be required to provide the purpose statements on their own without NHTSA's intervention.

The temporary labels are intended to draw the potential purchaser's attention to the written disclosure and to better inform consumers about the safety implications of their purchasing decisions. NHTSA is proposing a requirement that each replica vehicle have a temporary label on the dashboard or steering wheel hub, similar to the temporary air bag warning required by 49 CFR 571.208 §4.5.1(e) when the vehicle is offered for sale. NHTSA is proposing that the label conform to the color and size requirements of 49 CFR 571.208 §4.5.1(e)(1)(i) and (ii), and include the following statement in at least 20-point font: "This motor vehicle does not conform to all applicable Federal motor vehicle safety standards. Refer to the written disclosures provided for further information." NHTSA is seeking comment on whether there are more effective means of warning consumers about the replica vehicles' nonconformance with the applicable FMVSS, such as whether the warning should also be provided on advertisements and other marketing materials for the vehicles. NHTSA is also requesting comment on the appropriate minimum lettering size for the temporary warning label. Specifically, NHTSA requests comment on whether the requirement that the warning statement be in 20-point font or larger is appropriate to ensure legibility and conspicuity.

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.

This request involves four elements: the registration of replica vehicle manufacturers with NHTSA to be submitted electronically, the submission of annual reports to be submitted electronically, the affixing of temporary labels to each replica vehicle, and the provision of customer disclosures to each first purchaser of replica vehicles. Electronic collection is mandated for the first two elements and is not applicable to the last two elements.

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 information collected under this regulation is unique and is not available through other sources.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize the burden.

This collection of information involves small entities, because most, if not all, replica vehicle manufacturers will be small businesses. The notice of proposed rulemaking has been crafted to take into account that most of the regulated entities will be small businesses. The information collections involve two electronic submissions, one temporary label, and the customer disclosure. In calculating the burden of the collection, NHTSA has considered that small entities are not able to take advantage of economies of scale, and has adjusted burden estimates accordingly.

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

The submission of registration documents and annual reports is required by the FAST Act for NHTSA to be able administer the program. The registration information is submitted only once, unless the registration is incomplete or the replica manufacturer needs to make a change to information it submitted or wishes to manufacturer different replica vehicles. Without the submission of registrations, NHTSA cannot exempt replica vehicles from the FMVSS.

The labeling and customer disclosure requirements are also only required once per replica vehicle. The labels must be affixed prior to sale and the customer disclosure must be provided to first purchasers of replica vehicles. Without the temporary labels and customer disclosures, purchasers of replica vehicles may not know that the vehicle does not comply with Federal standards and how that noncompliance may impact the safety of their vehicle.

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 which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secrets, 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.

8. Provide a copy of the Federal Register document soliciting comments on the collection of information, a summary of all public comments responding to the notice, and a description of the agency's action in response to the comments. Describe efforts to consult with persons outside the agency to obtain their views.

NHTSA is soliciting comments on this Information Collection in the NPRM proposing the requirements necessary to implement the replica motor vehicle program that will be published in the Federal Register.

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

No payment or gift will be or was provided to any respondent.

10. Describe any assurance of confidentiality provided to respondents.

NHTSA's regulations in 49 CFR Part 512 establish the procedures by which the agency will consider claims that information submitted to the agency should be treated as confidential information.

11. Provide additional justification for any questions on matters that are commonly considered private.

There are no private questions involved in this information-collection activity. The required information is exclusively business-oriented, with no personal data submitted or requested.

12. Provide estimate of the hour burden of the collection of information on the respondents.

NHTSA estimates the total burden of this collection to be an average of 400 hours and the cost of labor associated with the 400 burden hours is estimated to be \$16,239. The components of this estimate are itemized below.

NHTSA estimates that it will take 10 hours to complete an initial registration submission. NHTSA estimates the labor cost for compiling and submitting the required information to be \$48.47¹ per hour using the Bureau of Labor's mean hourly wage estimate for technical writers in the motor vehicle manufacturing industry (Standard Occupational Classification # 27-3042).² Therefore, NHTSA estimates that the labor cost for each registration will be \$484.70 (10 hours × \$48.47 per hour = \$484.70). Over the first three years, NHTSA estimates a total of 30 manufacturers will submit registrations to become manufacturers of exempted replica vehicles. This estimate was informed by: (1) a projection of California replica vehicle sales by the California Air Resources Board, along with state-level vehicle registration data; and (2) available anecdotal information on firms that produce, or are interested in producing, replica vehicles consistent with those affected by the proposed rulemaking. NHTSA estimates that on average, ten manufacturers will submit registrations each year. Therefore, NHTSA estimates the total burden on low-volume manufacturers for initial submissions to be 100 hours (10 manufacturers × 10 hours = 100 hours). NHTSA estimates that the total cost associated with labor for the registrations to be \$4,847 (10 submissions × \$484.70 per submission) per year.

For the annual reporting requirement, NHTSA estimates it would take a maximum of two hours to collect the necessary information and submit it on the vPIC portal. Therefore, the burden hours for twenty manufacturers would be 40 hours (20 manufacturers × 2 hours = 40 hours). NHTSA estimates the hourly cost associated with annual reports to be \$48.47³ per hour using the Bureau of Labor's mean hourly wage estimate for technical writers in the motor vehicle manufacturing industry (Standard Occupational Classification # 27-3042).⁴ Therefore, NHTSA estimates the total labor cost associated with annual reports will be \$96.94 per manufacturer and a total of \$1,939 for all manufacturers (\$96.94 × 20 manufacturers) in each of the first three years.

¹ The hourly wage is estimated to be \$33.98 per hour. National Industry-Specific Occupational Employment and Wage Estimates NAICS 336100 - Motor Vehicle Manufacturing, May 2018, https://www.bls.gov/oes/current/naics4_336100.htm#47-0000, last accessed July 1, 2019. The Bureau of Labor Statistics estimates that wages represent 70.1 percent of total compensation to private workers, on average. Bureau of Labor Statistics (2019). Employer Costs for Employee Compensation – March 2019. <https://www.bls.gov/news.release/ecec.t04.htm>, last accessed July 10, 2019. Therefore, NHTSA estimates the total hourly compensation cost to be \$48.47.

² US Office of Management and Budget. *Standard Occupation Classification Manual*, 2018.

³ The hourly wage is estimated to be \$33.98 per hour. National Industry-Specific Occupational Employment and Wage Estimates NAICS 336100 - Motor Vehicle Manufacturing, May 2018, https://www.bls.gov/oes/current/naics4_336100.htm#47-0000, last accessed July 1, 2019. The Bureau of Labor Statistics estimates that wages represent 70.1 percent of total compensation to private workers, on average. Bureau of Labor Statistics (2019). Employer Costs for Employee Compensation – March 2019. <https://www.bls.gov/news.release/ecec.t04.htm>, last accessed July 10, 2019. Therefore, NHTSA estimates the total hourly compensation cost to be \$48.47.

⁴ US Office of Management and Budget. *Standard Occupation Classification Manual*, 2018.

For consumer disclosures, NHTSA estimates that it will take no more than 1 hour per manufacturer to compile and format the consumer disclosures. Therefore, the total burden hours for twenty manufacturers would be 20 hours (20 manufactures \times 1 hour = 20 hours). NHTSA estimates the hourly cost associated with compiling consumer disclosures to be \$48.47⁵ per hour using the Bureau of Labor's mean hourly wage estimate for technical writers in the motor vehicle manufacturing industry (Standard Occupational Classification # 27-3042).⁶ Therefore, NHTSA estimates the total labor costs associated with compiling and formatting consumer disclosures to be \$969 per year (20 manufacturers \times \$48.47 per hour).

NHTSA estimates that it will take each manufacturer 2 hours to design and format the temporary labels. Therefore, the total burden hours for twenty manufacturers would be 40 hours (20 manufactures \times 2 hours = 40 hours). NHTSA estimates the hourly cost associated with designing and formatting temporary labels to be \$48.47⁷ per hour using the Bureau of Labor's mean hourly wage estimate for technical writers in the motor vehicle manufacturing industry (Standard Occupational Classification # 27-3042).⁸ Therefore, NHTSA estimates the total annual labor cost associated with designing and formatting temporary labels to be \$96.94 for each manufacturer and \$1,939 for all manufacturers (\$96.94 \times 20 manufacturers).

⁵ The hourly wage is estimated to be \$33.98 per hour. National Industry-Specific Occupational Employment and Wage Estimates NAICS 336100 - Motor Vehicle Manufacturing, May 2018, https://www.bls.gov/oes/current/naics4_336100.htm#47-0000, last accessed July 1, 2019. The Bureau of Labor Statistics estimates that wages represent 70.1 percent of total compensation to private workers, on average. Bureau of Labor Statistics (2019). Employer Costs for Employee Compensation – March 2019. <https://www.bls.gov/news.release/ecec.t04.htm>, last accessed July 10, 2019. Therefore, NHTSA estimates the total hourly compensation cost to be \$48.47.

⁶ US Office of Management and Budget. *Standard Occupation Classification Manual*, 2018.

⁷ The hourly wage is estimated to be \$33.98 per hour. National Industry-Specific Occupational Employment and Wage Estimates NAICS 336100 - Motor Vehicle Manufacturing, May 2018, https://www.bls.gov/oes/current/naics4_336100.htm#47-0000, last accessed July 1, 2019. The Bureau of Labor Statistics estimates that wages represent 70.1 percent of total compensation to private workers, on average. Bureau of Labor Statistics (2019). Employer Costs for Employee Compensation – March 2019. <https://www.bls.gov/news.release/ecec.t04.htm>, last accessed July 10, 2019. Therefore, NHTSA estimates the total hourly compensation cost to be \$48.47.

⁸ US Office of Management and Budget. *Standard Occupation Classification Manual*, 2018.

NHTSA estimates that it will take approximately 3 minutes to label each vehicle. This is much longer than the estimated 18 seconds to label an average vehicle with a Part 567 certification label. However, because replica vehicle manufacturers are expected to be much smaller than the average vehicle manufacturer, NHTSA assumes that replica vehicle manufacturers will not be able to label each vehicle as quickly. Assuming that 4,000 vehicles are manufactured, on average, in each of the next three years, the burden hours associated with affixing the temporary labels to the steering hub, would be 200 hours (4,000 × 3 minutes = 12,000 minutes, 12,000 minutes ÷ 60 minutes = 200 hours. At a cost of \$32.72 per hour,⁹ using the Bureau of Labor Statistic’s mean hourly wage estimate for motor vehicle assemblers and fabricators (Standard Occupational Classification #51-2000)¹⁰, the labor cost associated with labeling replica vehicles will be approximately \$6,545 annually (200 hours × \$32.72 per hour).

Therefore, the total cost associated with the hourly burden of this information collection is estimated to be \$16,239

Information Collection	Time Per Response	Number of Responses	Hourly Wage	Total Hourly Cost	Total Labor Cost Per Response	Total Labor Cost Overall
Initial Registration	10 hours	10	\$33.98	\$48.47	\$484.70	\$4,847
Annual Report	2 hours	20	\$33.98	\$48.47	\$96.94	\$1,939
Consumer Disclosures	1 hour	20	\$33.98	\$48.47	\$48.47	\$969
Designing and Formatting Temporary Labels	2 hours	20	\$33.98	\$48.47	\$96.94	\$1,939
Labeling Each Vehicle	3 minutes	4,000	\$22.94	\$32.72	\$1.64	\$6,545
Total Cost						\$16,239

13. Provide estimates of the total annual cost to the respondents or record keepers.

The cost of printing the consumer disclosures and temporary labels is estimated to be \$8,000.

⁹ The hourly wage is estimated to be \$22.94 per hour. National Industry-Specific Occupational Employment and Wage Estimates NAICS 336100 - Motor Vehicle Manufacturing, May 2018, https://www.bls.gov/oes/current/naics4_336100.htm#47-0000, last accessed July 1, 2019. The Bureau of Labor Statistics estimates that wages represent 70.1 percent of total compensation to private workers, on average. Bureau of Labor Statistics (2019). Employer Costs for Employee Compensation – March 2019. <https://www.bls.gov/news.release/ecec.t04.htm>, last accessed July 10, 2019. Therefore, NHTSA estimates the total hourly compensation cost to be \$32.72.

¹⁰ US Office of Management and Budget. *Standard Occupation Classification Manual*, 2018.

NHTSA does not estimate that there will be any additional costs for registration or reporting because these would be submitted electronically.

NHTSA estimates the cost of each consumer disclosure to be \$1. To estimate the burden to produce consumer disclosures, NHTSA looked at estimates for owner's manuals which provide required disclosures to consumers. Owner's manuals are much longer and contain far more information than the replica vehicle consumer disclosures. However, because owner's manuals are produced in higher quantities, NHTSA estimates that it only costs manufacturers, on average, about \$.50 for each Owner's Manual. NHTSA estimates that producing consumer disclosures will and cost \$1 per replica vehicle to print each disclosure. NHTSA estimates that, on average, there will be 20 replica vehicles manufacturing 200 replica vehicles per year. NHTSA estimates the cost to print consumer disclosures for all replica vehicles to be \$4,000 (20 manufactures × 200 replica vehicles = 4,000 replica vehicles, \$4,000 × \$1 per disclosure = \$4,000).

NHTSA estimates the cost to print or purchase printed labels for each replica vehicle to be \$1 per vehicle, for a total cost of \$4,000. This cost is much higher than what NHTSA estimates for the total cost to provide certification labels. However, as the temporary replica vehicle warning label is much larger than the other labels and each replica manufacturer is much smaller than the average vehicle manufacturer, the cost of each label will likely be much higher than labels found on a conforming vehicle.

14. Provide estimates of annualized cost to the Federal Government.

The Federal Government is expected to incur an estimated \$1,799.60 in additional costs as a result of this regulation. The cost will be incurred in reviewing replica manufacturer registrations and annual reports. NHTSA estimates that it will take a GS-14 employee approximately 1 hour to review each replica vehicle registration and 30 minutes (.5 hours) to review each annual report. In the first three years, NHTSA expects to receive, on average, 10 replica vehicle registrations and 20 annual reports for a total of 20 burden hours ((1 hour to review each replica vehicle registration × 10 registrations each year) + (.5 hours to review each annual report × 20 annual reports) = 20 hours). The pay for a step 1, GS-14 employee is \$56.15.¹¹ However, this does not represent the full cost to the government for each employee hour because it does not include taxes and other benefits not included in gross salary. To estimate total compensation costs, NHTSA used the Bureau of Labor Statistics estimate that wages and salary only represent 62.4% of total employee compensation cost for State and local employees.¹² Accordingly, NHTSA estimates the hourly cost to the government is \$89.98 and a total increase in annualized cost to the Federal Government of \$1,799.60 (20 hours × \$89.98).

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

¹¹ The annual salary for a GS-14 step 1 is 117,191. <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2019/DCB.pdf>. To calculate, hourly rate, annual salary is divided by 2,087 hours. Therefore, the hourly rate is \$56.15.

¹² Employer Costs for Employee Compensation, <https://www.bls.gov/news.release/pdf/ecec.pdf>. Last accessed February 8, 2019.

This is a new information collection request. This new collection is expected to increase burdens by 400 hours and \$16,239 in labor costs associated with those burden hours. Additionally, these new information collections increase other costs by \$8,000.

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

The information submitted to register as a replica vehicle manufacturer and the annual reports will not be published. However, a list of all replica manufacturers currently registered under Part 586 will be published on NHTSA's website. Additionally, the information required by Part 566, Manufacturer Identification, and Part 565, Vehicle Identification Number (VIN) Requirements, will continue to be available at <https://vpic.nhtsa.dot.gov/>.

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.

NHTSA is not seeking such approval.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

No exceptions to the certification statement are made.