

Department of Transportation

SUPPORTING STATEMENT

Application for Construction Reserve Fund and Annual Statements

INTRODUCTION

This is to request the Office of Management and Budget's (OMB) three-year approval clearance for the information collection entitled, Application for Construction Reserve Fund and Annual Statements (OMB Control No. 2133-0032), which is currently due to expire on November 30, 2020.

Part A. Justification.

1. Circumstances that make collection of information necessary.

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 strategic goal.

2. How, by whom, and for what purpose is the information used. 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 used 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 and to keep agency leaders informed of the scope and scale of use of the program.

3. Extent of automated information collection. 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.

MARAD is in communication with fund holders on a regular basis and encourages electronic filing. In fact, about three quarters of filings are now done electronically. Most electronic submissions are emailed to the relevant recipient within MARAD. The payment of the \$225 application fee, however, is still made by means of a physical check.

4. Efforts to identify duplication. 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 no other agency or organization has a similar or related program.

5. Efforts to minimize the burden on small businesses. IF THE COLLECTION OF INFORMATION IMPACTS SMALL BUSINESSES OR OTHER SMALL ENTITIES, DESCRIBE ANY METHODS USED TO MINIMIZE BURDEN.

The collection of information may be from small shipping companies. Timely information is requested when a ship owner or operator desires to obtain benefits of the CRF program. There is no requirement for any ship owner 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 withdrawal request to MARAD where it is countersigned and returned to them. The agency does not establish any required formats for annual reports or withdrawal requests and exercises wide leeway with regards to these items. This minimizes the burden as much as possible, i.e., submitting the original application, annual statements, and withdrawal request only when money is to be withdrawn.

6. Impact of less frequent collection of information. 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.

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 a fundholder and MARAD, the annual fund statement is required in order for MARAD to properly administer the program and make sure at the time of countersigning a withdrawal request 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 MARAD's inability to properly administer the program.

7. Special circumstances. 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 STATUE 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 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. Compliance with 5 CFR 1320.8: PROVIDE AN ELECTRONIC COPY AND IDENTIFY THE DATE, VOLUME NUMBER AND PAGE NUMBER OF THE PUBLICATION IN THE FEDERAL REGISTER OF THE AGENCY'S NOTICE (FOR A 60-DAY AND A 30-DAY 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 THOSE 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 3 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.**

MARAD published a 60-day notice and request for comments on this information collection in the Federal Register on June 19, 2020, indicating comments should be submitted by August 18, 2020. No comments were received. In a 30-day notice was published in the Federal Register on _____, 2020, for public comments. Comments/No comments were received.

In addition, a MARAD 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. Payments or gifts to respondents. EXPLAIN ANY DECISION TO PROVIDE A PAYMENT OR GIFT TO RESPONDENTS, OTHER THAN ENUMERATION OF CONTRACTORS OR GRANTEEES.

No payments or gifts are provided to respondents.

10. Assurance of confidentiality: DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS AND THE BASIS FOR THE ASSURANCE IN STATUTE, REGULATION, OR AGENCY POLICY.

Much of the information requested is considered business confidential and trade secrets. While MARAD makes no assurances to respondents, MARAD handles the information appropriately and, if disclosure was requested, MARAD would disclose information only in accordance with the Freedom of Information Act and after consultation with the respondent.

11. Justification for collection of sensitive information: 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. Estimate of burden hours for information requested: PROVIDE ESTIMATES OF THE HOUR BURDEN OF THE COLLECTION OF INFORMATION. THE STATEMENT SHOULD:

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

<u>Number of Respondents</u>		<u>Responses Per Respondent</u>	=	<u>Total Responses Annually</u>		<u>Hours Per Response</u>	=	<u>Total Hours Annually</u>
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 \$69.86/per hour for each of the employees (the mean hourly wage for lawyers published by the BLS in May 2019), the cost per application to the respondent is estimated as follows:

<u>Total Number of Employees</u>		<u>Hourly Wage</u>	x	<u>Project Time</u>	=	<u>Cost per Response</u>		<u>Number of Respondents</u>	=	<u>Total Costs</u>
6	x	\$69.86	x	8 hours	=	\$3,353	x	17	=	\$57,006

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.

<u>Number of Respondents</u>		<u>Responses Per Respondent</u>	=	<u>Total Responses Annually</u>		<u>Hours Per Response</u>	=	<u>Total Hours Annually</u>
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. The BLS reported the mean hourly wage of accountants as \$38.23 in May 2019. Therefore, the estimated cost to respondents

for annual statements is:

<u>Number of Respondents</u>		<u>Responses Per Respondent</u>		<u>Cost Per Hour</u>		<u>Hours Per Response</u>		<u>Total Cost Annually</u>
17	x	1	x	38.23	x	1	=	\$650

Total Annualized Costs to the respondent is as follows: \$57,006 + \$650= \$57,656.

Total annual burden hours: 136 + 17 = 153

13. Estimate of total annual costs to respondents. PROVIDE AN ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS OR RECORDKEEPERS RESULTING FROM THE COLLECTION OF INFORMATION. (DO NOT INCLUDE THE COSTS OF ANY HOUR BURDEN SHOWN IN ITEMS 12 AND 14).

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 except for a \$225.00 application fee due when application is submitted.

(b) Total Operation and Maintenance and Purchase of Services Estimate: There are no maintenance costs other than the annual reporting included in Item 13 above.

14. Estimate of cost to the Federal government. PROVIDE ESTIMATES OF ANNUALIZED COST TO THE FEDERAL GOVERNMENT. ALSO, PROVIDE A DESCRIPTION OF THE METHOD USED TO ESTIMATE COSTS, 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: \$37,638

It is estimated that six employees in various areas of MARAD 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 \$65.88 per hour for each of the employees, the cost to the Government is estimated as follows:

<u>Number of Employees</u>	<u>Hourly Wage</u>	<u>Project Time</u>	<u>Cost Per Application</u>
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$$6 \times \$65.88 \times 4 \text{ hours} = \$1,581$$

$$\begin{aligned} \text{Cost for Employees} &= \$1,581 \\ \text{Benefits (Employees cost times 1.4) - } & \$1,581 \times 1.4 = \$2,214 \\ \text{Cost for Applications - } & \$2,214 \times 17 \text{ applications per year} = \$37,638 \end{aligned}$$

Cost of Annual Statement: \$663.51

It is estimated that one employee (GS-13) receives the annual statements, enters the amount into a ledger, and files the statements. Time required for these tasks is 30 minutes and the hourly rate is \$55.75

<u>Number of</u>		<u>Hourly</u>		<u>Project</u>		<u>Cost Per</u>
<u>Employees</u>	x	<u>Wage</u>	x	<u>Time</u>	=	<u>Application</u>
1	x	\$55.75	x	.5 hours	=	\$ 27.88

$$\begin{aligned} \text{Cost Per Application} & \$27.88 \\ \text{Benefits - } & \$27.88 \times 1.4 = \$39.03 \\ \text{Total cost times 17 responses per year - } & \$39.03 \times 17 = \$663.51 \end{aligned}$$

Cost of Withdrawals: \$517.48

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

<u>Number of</u>		<u>Hourly</u>		<u>Project</u>		<u>Cost Per</u>
<u>Employees</u>	x	<u>Wage</u>	x	<u>Time</u>	=	<u>Application</u>
1	x	\$65.88	x	.33 hours	=	\$ 21.74
Cost Per Application - \$21.74						
Benefits - \$21.74 x 1.4						= \$ 30.44
Cost times 17 requests - \$30.44 x 17						= \$517.48

Total Annual Cost to the Federal Government: \$38,873

<u>Applications</u>	+	<u>Annual Statements</u>	+	<u>Withdrawals</u>	=	<u>Total</u>
\$37,638	+	\$663.51	+	\$517.48	=	\$38,873

15. Explanation of program changes or adjustments. EXPLAIN THE REASONS FOR ANY PROGRAM CHANGES OR ADJUSTMENTS REPORTED IN ITEMS 13 OR 14 OF THE OMB FORM 83-I.

MARAD has re-evaluated its assumptions about the salaries of respondent and agency employees and adjusted the costs accordingly.

16. Publication of results of data collection. **FOR COLLECTIONS OF INFORMATION WHOSE RESULTS WILL BE PUBLISHED, OUTLINE PLANS FOR TABULATION, AND PUBLICATION. ADDRESS ANY COMPLEX ANALYTICAL TECHNIQUES THAT WILL BE USED. 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. Approval for not displaying the expiration date of OMB approval. **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. Exceptions to certification statement. **EXPLAIN EACH EXCEPTION TO THE CERTIFICATION STATEMENT IDENTIFIED IN ITEM 19, "CERTIFICATION FOR PAPERWORK REDUCTION ACT SUBMISSIONS," OF OMB FORM 83-I.**

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