

Supporting Statement
Foreign Trade Zones Annual Reconciliation and Recordkeeping Requirement
1651-0051

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.**

In accordance with 19 CFR 146.25 and 146.4, foreign trade zone (FTZ) operators are required to account for zone merchandise admitted, stored, manipulated and removed from FTZs. FTZ operators must prepare a reconciliation report within 90 days after the end of the zone year for a spot check or audit by CBP. In addition, within 10 working days after the annual reconciliation, FTZ operators must submit to the CBP port director a letter signed by the operator certifying that the annual reconciliation has been prepared, is available for CBP review, and is accurate. Foreign Trade Zones Act, as amended (Title 19 U.S.C. 81a-81u), authorizes these requirements.

- 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 the information to determine compliance with FTZ laws and regulations. Since the Customs Modernization Act (Mod Act) introduced informed compliance, CBP has maintained oversight for duty deferral programs utilizing audit and inspection. CBP does not maintain the inventory for foreign trade zones. The zone operators are responsible for the maintenance of their of foreign status inventory and to compliance with the FTZ Act, importation laws and 19 CFR 146. The Mod Act shifted legal responsibilities to the importer for declaring all relevant information regarding importations - value, classification, country of origin, duty rate, etc. Public Law 103-182; Dec 8, 1993 - Customs Modernization, Section 601, Title 4.

- 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 is a recordkeeping requirement so zone operators are allowed to maintain their inventory and recordkeeping systems in any format that they select. The letter certifying that the reconciliation has been prepared may be scanned and emailed or

faxed to the port director.

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 this information were collected less frequently, CBP would not be able to determine compliance with FTZ laws.

7. **Explain any special circumstances that would cause an information collection to be conducted in a manner:**

This information is collected in a manner consistent with the guidelines of 5 CFR 1320.6.

8. **If applicable, provide a copy, 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 August 7, 2020 (Volume 85, Page 47974) and on October 21, 2020 (Volume 85, Page 67004) 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.**

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
FTZ Recordkeeping	207	276	1	276	45 minutes (.75 hours)
Certification Letter	92	276	1	276	20 minutes (.33 hours)
Total	299	552		552	

Public Cost

The estimated cost to the respondents is \$19,884. This is based on the estimated burden hours (299) multiplied by the average loaded hourly wage rate for foreign trade zone operators (\$66.50). CBP calculated this loaded wage rate by first multiplying the Bureau of Labor Statistics' (BLS) 2019 median hourly wage rate for Transportation, Storage, and Distribution Managers (\$45.46), which CBP assumes best represents the wage for foreign trade zone operators, by the ratio of BLS' average 2019 total compensation to wages and salaries for Management, Business, and Financial occupations (1.4628), the assumed occupational group for foreign trade zone operators, to account for non-salary employee benefits.¹ This figure is in

¹ Source of median wage rate: U.S. Bureau of Labor Statistics. Occupational Employment Statistics, "May 2019 National Occupational Employment and Wage Estimates United States." Updated March 31, 2020. Available at https://www.bls.gov/oes/2019/may/oes_nat.htm. Accessed June 12, 2020. The total compensation to wages and salaries ratio is equal to the calculated average of the 2019 quarterly estimates (shown under Mar., June, Sep., Dec.) of the total compensation cost per hour worked for Management, Business, and Financial occupations (\$68.1325) divided by the calculated average of the 2019 quarterly

2019 U.S. dollars and CBP assumes an annual growth rate of 0 percent; the 2019 U.S. dollar value is equal to the 2020 U.S. dollar value.

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

The costs for hard drives, printing, filling cabinets, cloud storage, and backup are \$101,530 per year. The itemized costs are as follows: \$1,000 for two 10 TB hard drives (\$500 per hard drive); \$1,071 for 5 filing cabinets (\$214 per filing cabinet); \$97,821.60 annual for cloud storage (\$8,151.80 per month); \$1,637.7 for printing (5,459 frame for 10 pages each at \$.03 per page).

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 \$63,866. This is based on the number of responses that must be reviewed (276) multiplied by the time burden to review and process each response (4 hours) = 1,104 hours multiplied by the average hourly loaded rate for other CBP employees (\$57.85)² = \$63,866.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of this Statement.

There has been no increase or decrease in the estimated annual burden hours previously reported for this information collection

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

This information collection will not be published.

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

estimates (shown under Mar., June, Sep., Dec.) of wages and salaries cost per hour worked for the same occupation category (\$46.5775). 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 2019, "Table 3. Civilian workers, by occupational group: employer costs per hours worked for employee compensation and costs as a percentage of total compensation, 2004-2019." March 2020. Available at <https://www.bls.gov/web/ecec/ececqrtn.pdf>. Accessed June 12, 2020.

² CBP bases this wage on the FY 2020 salary and benefits of the national average of other CBP positions, which is equal to a GS-12, Step 3. Source: Email correspondence with CBP's Office of Finance on July 2, 2020.

This is a recordkeeping requirement, so there is no form on which to display the expiration date.

18. "Certification for Paperwork Reduction Act Submissions."

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

B. Collection of Information Employing Statistical Methods

No statistical methods were employed.