

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 from 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 <https://www.cbp.gov/document/forms/form-300-bonded-warehouse-proprietors-submission>.

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 documented 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 has historically been paper based, with proprietors completing the form manually. As Class 9 (duty free stores) In October 2018, CBP provided the option for electronic production and submission of this form. 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 complete the CBP Form 300 within 45 days of the end a calendar year and subsequently 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 July 1, 2020 (Volume 85, Page 39575) on which one comment was received, and on December 03, 2020 (Volume 85, Pages 78140) on which no comments were received.

Comment Received: August 21, 2020; 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: We believe that, from a practical standpoint, the CBP Form 300 has outlived its usefulness, since as audit tool it is no longer necessary because the Automated Commercial Environment (ACE) can now be employed to obtain bonded warehouse entry and withdrawal information. With the completion of ACE, CBP auditors have access to similar, or even better, information for use in targeting Type 21 and 22 entries for audit. The CBP Form 300 requires too much effort to produce information that can otherwise be obtained through ACE-generated reports.

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. With regard to duty-free retail proprietors, 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. The production of the CBP Form 300 is an anachronism; therefore, with respect to duty-free retail proprietors, the CBP Form 300 should be eliminated.

CBP Program Response:

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

In its comments submitted on August 21, 2020, the International Association of Airport Duty Free Stores (IAADFS), a trade association representing some 400 duty-free store enterprises. The IAADFS continues to indicate that its members find the requirement to produce the annual CBP Form 300 as being too difficult and excessively time consuming. The association repeated its claim that the CBP Form 300 is no longer useful to CBP officers as a component of their oversight of bonded warehouses. The association has recommended that CBP should only rely on Automated Commercial Environment (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. IAADFS stated that ACE, along with the proprietors' use of advanced automated inventory control systems, eliminates the need for Class 9 proprietors operating retail duty-free establishments to produce CBP Form 300 in either paper or electronic format; therefore, operators of duty-free stores should altogether be

exempt from the requirement to generate CBP Form 300.

CBP understands that modern advanced automated inventory control and recordkeeping systems (ICRS) used by duty-free store operators enables them to produce detailed reports or documents on demand. We agree that the requirement to produce a paper-based, hard copy of the CBP Form 300 is no longer necessary or practical, as the electronic ICRS functionality has rendered the paper version obsolete. Accordingly, in November 2018, CBP issued an official memorandum to all field office directors that announced the new electronic-only reporting option for generating the CBP Form 300. The new electronic report format can be in any output (as approved by the port director), as long as it contains the form's 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. 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.

As to IAADFS' recommendation that duty-free store operators should be exempt the CBP Form 300 based on its assertion that the reporting requirement is too burdensome and time consuming to prepare and that the information on the form serves no valuable purpose as an oversight tool for CBP officers, CBP expressly disagrees. Our position that the CBP Form 300 remains an extremely important report that presents a clear auditable inventory trail in one central location by providing detailed and traceable information on the disposition of high duty rate (e.g., perfumes, timepieces) and high federal excise tax rate (e.g., tobacco products, liquor) merchandise transiting through a bonded warehouse. The very nature of these types of merchandise that traditionally are handled, warehoused and processed through Class 9 bonded warehouses necessitates the thorough detail offered to CBP officers by the CBP Form 300. CBP officers, import specialists and auditors must be able to rely on the information this form provides in order to adequately protect the revenue. Due to numerous possibilities for ACE-related entry and withdrawal reporting errors by broker/filers, proprietors' improper permit file folder maintenance, and the high probability for inventory shortages and unexplainable losses in this specific retail product segment, CBP believes that the CBP Form 300 continues to be a vital enforcement tool for CBP officers and regulatory audit investigators.

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 \$1,197,000. This is based on the estimated burden hours (18,000) multiplied by the average loaded hourly wage rate for warehouse 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 warehouse 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 warehouse operators, to account for non-salary employee benefits.¹ This figure

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 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

is in 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.

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 \$312,390. This is based on the number of responses that must be reviewed (1,800 multiplied by the time burden to review and process each response (3 hours) = 5,940 hours multiplied by the average hourly loaded rate for other CBP employees $(\$57.85)^2 = \$312,390$.

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

There are no changes to the burden hours.

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

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 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.