

SUPPORTING STATEMENT
U.S. Department of Commerce
International Trade Administration
(Foreign-Trade Zone Applications)
OMB Control No. 0625-0139

Abstract

This is a request for a renewal without changes of a currently approved information collection.

The Foreign-Trade Zones Act (enacted in 1934) established the Foreign-Trade Zones Board (comprised of the Secretaries of Commerce and Treasury) to license and regulate foreign-trade zones (FTZ's) in the United States. The purposes of the program are to help encourage exports and to assist firms engaged in domestic operations (ranging from warehousing to manufacturing) to compete with facilities located abroad. State and local officials use FTZ's as part of their economic development efforts to maintain and increase employment by attracting international trade-related activity. There are now more than 261 U.S. communities with zones, serving over 2,900 firms.

FTZ's are licensed by the FTZ Board and supervised by Customs and Border Protection (CBP). Zone facilities are located in port of entry areas for warehousing, processing and manufacturing operations involving foreign goods prior to their formal customs entry. Managed by public and private corporations (referred to as FTZ "grantees") under public utility principles (published and non-discriminatory rates), zones provide procedures that allow firms to bring in foreign goods and materials for duty and quota-free export operations; and, while a customs entry must be made on goods entering the domestic market, savings can result from flexibility as to when and how duties are charged. Specific FTZ Board approval is required for all manufacturing conducted under zone procedures within FTZs.

1. Explain the circumstances that make the collection of information necessary.

Before a grant of authority can be issued or a zone can be expanded, the FTZ Act and Regulations require that an application with a description of the proposed project be made to the FTZ Board (19 U.S.C. 81b and 81f; 15 CFR §400.21-26). Depending on the type of authority being requested, applicants are required to complete one of several different types of documents.

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.

Information submitted in FTZ applications is used by Board members (the Secretary of Commerce and Treasury officials) and their staffs; by local CBP officials (Port Directors); CBP headquarters, as an advisor to the Board; and, by the FTZ Staff in its review of the request. The information is essential for determining compliance with the Act and Regulations and formulating a recommendation or making a decision. Determining whether a proposal is in the public interest (positive net economic effect) often requires specific detailed information that only an applicant can provide.

While the information submitted in FTZ applications is used primarily by the FTZ Board members, CBP and FTZ staff in reviewing the request for FTZ benefits, the applications can also be reviewed

during the public comment period by firms – or associations representing firms – that compete with products to be produced in zones or compete with foreign parts to be used in zone manufacturing. These firms and associations need the information in zone applications so they can analyze the proposal and determine whether it might adversely affect them. If they believe that there would be such adverse effects, these firms or groups would formulate comments to the Board (indicating why the proposal should not be approved) using the information presented in the application.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological 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.

FTZ applications may only be submitted electronically. The submission of the applications electronically has reduced the burden hours and cost associated with this information collection.

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 question 2.

The FTZ Board has taken a number of steps to eliminate duplication and simplify the applications submitted. The FTZ Board revised its regulations in 2012 in a manner that significantly simplified the application requirements for many program users. These steps greatly reduced the time required to prepare and submit zone applications. As specifically provided in the revised regulations, the application forms convert the information required in the regulations into simple question and answer formats. Simplified formats reduce the time and other expenses required for companies to access the FTZ program.

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

The size of the FTZ project usually determines the size of and, therefore, the effort which goes into, an application. In this way, small businesses inherently have a lesser burden than larger businesses applying for FTZ status. In addition, the FTZ Board's revised regulations have simplified and expedited application process for manufacturing authority, which is particularly beneficial to small- and medium-sized manufacturers.

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

The information which is submitted in FTZ applications is not already available to the government -- it involves material and information that can only be furnished by the applicant. If the FTZ Board did not receive this information from applicants, it could not conduct properly its obligatory analysis under the FTZ Act and Regulations.

7. Explain any special circumstances that require the 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 of receipt of it;**
- **Requiring respondents to submit more than one original and two copies of any one 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 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 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.**

¹The information collection is required when FTZ benefits are requested by zones users. There is no requirement that the respondent retain the response longer than three years. Although the PRA guidelines indicate a three- year record-keeping period, FTZ applicants must retain a copy of their application for as long as they maintain FTZ status. This is because it is the responsibility of the applicant to ensure that the activity conducted within a zone complies with the authority approved by the FTZ Board. The specific details of each approval are described in the applications and vary substantially from zone to zone. Only one copy of the application is required to be submitted electronically. The information collection is not related to any statistical surveys, nor does it require the use of any statistical data classification. No pledge of confidentiality is required. No proprietary trade secret or confidential information is collected from respondents for which the agency cannot demonstrate that it has instituted procedures to protect the information's confidentiality by law.

8. If applicable, provide a copy and identify the date and page number of publications 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.

The Federal Register notice soliciting public comments on the information collection was published on December 21, 2021 (Volume 86, Number 242, page 72211).

A public comment was received specific to the Information Collection pertaining to production notifications. Specifically, the commenter stated that the FTZ Board should require additional information from applicants related to corporate ownership as well as the components and finished products proposed for consideration in production notification approvals by the FTZ Board. The comments provided did not pertain to cost or hour burden of the Information Collection. The comments were considered; however, the additional information proposed in the comments is not necessary for the FTZ Board's review of the request and would therefore add burden to applicants without providing better outcomes in the decision process.

The Foreign-Trade Zones Board staff is in contact with zone grantees on a continuous basis throughout the year and welcomes feedback regarding the information collection. Several grantee outreach sessions are conducted every year in order to consult with grantees regarding the reporting requirements, accuracy of instructions and reporting requirements.

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

There are no payments or gifts to respondents¹.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

Respondents' submissions generally do not contain confidential data. If it were necessary for applicants to submit proprietary data, the regulations (15 CFR §400.54(c)) enable the FTZ Board to assure the confidentiality of the data. (In such cases, the FTZ staff would first attempt to find a non-confidential alternative that would be acceptable to the respondent.)

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 the persons from whom the information is requested, and any steps to be taken to obtain their consent.

¹Information of a sensitive nature is not requested from grantees.

12. Provide estimates of the hour burden of the collection of information.

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is**

desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.
- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included under ‘Annual Cost to Federal Government’.

BURDEN HOURS

The estimated burden hours for the collection of information for FTZ applications ranges from 3.5 hours to 131 hours per response, and is broken down as follows, depending on the type of application - each type of application is treated separately:

Information Collection Instrument	Burden Hours per Application (a)	Number of Applications (b)	Total Burden Hours (a) X (b) = C
New Zone Application	131 hours	2	262 hours
Reorg/Exp Application	99 hours	11	1,089 hours
Subzone Application	4 hours	21	84 hours
Production Notification	5.5 hours	50	275 hours
Production Application	34 hours	3	102 hours
Minor Modification Application	3.5 hours	200	700 hours
Application for Waiver	9 hours	1	9 hours
Totals		288 Applications	2,521 Total Burden Hours

ANNUALIZED COST TO RESPONDENTS FOR BURDEN HOURS

The total annualized cost in burden hours to respondents for submitting the IC is found in the following table. The cost was calculated using the median hourly wage of “Other Management Occupations, 11-9000”, \$45.90 per hour, from the Bureau of Labor Statistics website.¹

¹ <https://www.bls.gov/oes/current/999301.htm#11-0000>

Information Collection Instrument	Annual Responses (a)	Total Burden Hours (b)	Wage Rate (c)	Total Annualized Costs (a) x (b) x(c) = D
New Zone Application	2	262	\$45.90 hr.	\$12,026.00
Reorg/Exp Application	11	1,089	\$45.90 hr.	\$49,985.00
Subzone Application	21	84	\$45.90 hr.	\$3,856.00
Production Notification	50	275	\$45.90 hr.	\$12,622.00
Production Application	3	102	\$45.90 hr.	\$4,682.00
Minor Modification	200	700	\$45.90 hr.	\$32,130.00
Application for Waiver	1	9	\$45.90 hr.	\$413.00
Totals	288	2,521		\$115,714.00

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (Do not include the cost of the burden hours already reflected on the burden worksheet).

FTZ applications are only submitted electronically, so the only cost incurred resulting from the collection would be for certain types of applications that have application fees as follows: expansion of zone - \$1,600 dollars; new zone - \$3,200 dollars; subzone - \$4,000 or \$6,500 dollars. There is no fee to submit production notifications, production applications, minor boundary modifications or waivers.

IC Instrument	Application Fee (a)	Number of Applications (b)	Total Annual Cost (a)x(b) = C
New Zone Application	\$3,200	2	\$6,400
Reorg/Exp Application	\$1,600	11	\$17,600
Subzone (Warehousing)	\$4,000	15	\$60,000
Subzone (Production)	\$6,500	6	\$39,000
Totals			\$123,000

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

The annualized cost to the Federal government in salaries for the FTZ Board staff to review and process 288 FTZ applications (New Zone applications, Reorganization/Expansion applications, Subzone applications, Production Notifications, Production applications, Minor modifications and applications for Waivers) can be found in the following table:

Federal Oversight Cost	Total Hours (a)	Hourly Rate (b)	Total (a)x(b) = (c)
GS Staff Cost			
GS 15 Review Cost	539 hours	\$77	\$41,503
GS-13 Review Cost	2,849 hours	\$66	\$188,034
GS-9 Review Cost	317 hours	\$32	\$10,144
Total			\$239,681

15. Explain the reasons for any program changes or adjustments.

There are no significant program changes or adjustments. The increase in annualized cost to the Federal Government reflects an increase in the average hourly wages rates of the FTZ Board staff due to increasing tenure.

16. For collections whose results will be published, outline the 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 the report, publication dates and other actions.

The information collection is not published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

The OMB number and expiration date will be displayed on the forms.

18. Explain each exception to the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”

The agency certifies compliance with [5 CFR 1320.9](#) and the related provisions of [5 CFR 1320.8\(b\)\(3\)](#).

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.