

Supporting Statement
Record of Vessel Foreign Repair or Equipment Purchase
1651-0027

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.**

19 U.S.C. 1466(a) provides for a 50 percent *ad valorem* duty assessed on a vessel master or owner for any repairs, purchases, or expenses incurred in a foreign country by a commercial vessel registered in the United States. CBP Form 226, Record of Vessel Foreign Repair or Equipment Purchase, is used by the master or owner of a vessel to declare and file entry on equipment, repairs, parts, or materials purchased for the vessel in a foreign country. This information enables CBP to assess duties on these foreign repairs, parts, or materials. CBP Form 226 is provided for by 19 CFR 4.7 and 4.14 and is accessible at:

<https://www.cbp.gov/document/forms/form-226-record-vessel-foreign-repair-or-equipment-purchase>

Proposed Change:

This form is anticipated to be submitted electronically as part of the maritime forms automation project through the Vessel Entrance and Clearance System (VECS), which will eliminate the need for any paper submission of any vessel entrance or clearance requirements under the above referenced statutes and regulations. VECS will still collect and maintain the same data, but will automate the capture of data to reduce or eliminate redundancy with other data collected by CBP.

- 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.**

The information collected on CBP Form 226 enables CBP to assess the proper amount of duties on these foreign repairs, parts, or materials.

This form is anticipated to be replaced as part of the maritime forms automation project otherwise known as the Vessel Entrance and Clearance System (VECS), which will eliminate the need for any paper submission of any vessel entrance or clearance requirements. VECS will still collect and maintain the same data, but will automate the capture of data to reduce or eliminate redundancy with other

data collected by CBP.

- 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.**

The Form 226 is a declaration for foreign repairs and is also used as a formal entry document to declare and pay duties of any foreign repairs. It is reviewed by the CBP officer who either boards the vessel or checks the ship's log to verify the foreign repairs that were made and the materials that were used.

CBP-OFO has built and is internally testing a system, known as the Vessel Entrance and Clearance System (VECS), for the electronic submission, review, and processing of this CBP form. Currently, CBP is developing a public facing portal, with recent DHS and CBP prioritization of VECS. A new Account type within ACE for Vessel Agencies will act as the public portal to VECS, operating as the pass-through from ACE to VECS. However, even with an initial portal, CBP will still need to perform testing and run a public pilot with a small universe of stakeholders, before nationwide roll out.

- 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.**

Some of this information may be provided via eNOAD, electronic Cargo Declaration and/or Stow Plan transmission however, no such system has previously been developed to link some of these data elements in this way or for the purposes of automating parts of this form. Efforts are being made to automate the process and link information being transmitted to populate like data fields into CBP's system. Some of this information is also available via ACE and ATS data. ACE, ATS, and eNOAD data will all be integrated into the VECS. Currently, all information is complete by hand by a Vessel Agent, who only has access to any information that is publicly available, information which they submitted to CBP through eNOAD, ACE, or is provided to them by the carrier/master of the vessel.

- 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 data was collected less frequently, CBP would not be able to assess duties on these foreign repairs, parts, or materials.

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, including a 60-day FRN published on January 27, 2022 (87 FR 4262) and a 30-day notice published on April 27, 2022 (87 FR 25039) on which no comments were 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.

A PIA for the Automated Commercial Environment (ACE) dated July 31, 2015, and a SORN for the Import Information System, dated July 26, 2016 (Vol. 81, Page 48826) will be included in this ICR. 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
CBP Form 226	23,576	421	28	11,788	2 hours

Public Cost

The estimated cost to the respondents is \$1,262,731. This is based on the estimated burden hours (23,576) multiplied by the average loaded hourly wage rate for ship and boat captains and operators (\$53.56). CBP calculated this loaded wage rate by first multiplying the Bureau of Labor Statistics' (BLS) 2020 median hourly wage rate for Ship and Boat Captains and Operators (\$35.39) by the ratio of BLS' average 2020 total compensation to wages and salaries for Transportation and Material Moving occupations (1.5134), the assumed occupational group for ship and boat captains and operators, to account for non-salary employee benefits.¹ This figure is in 2020 U.S. dollars and CBP assumes an annual growth rate of 0 percent; the 2020 U.S. dollar value is equal to the 2021 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 no record keeping, capital, start-up or maintenance costs associated with this information collection.

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

¹ Source of median wage rate: U.S. Bureau of Labor Statistics. Occupational Employment Statistics, "May 2020 National Occupational Employment and Wage Estimates United States." Updated March 31, 2021. Available at https://www.bls.gov/oes/2020/may/oes_nat.htm. Accessed June 1, 2021. The total compensation to wages and salaries ratio is equal to the calculated average of the 2020 quarterly estimates (shown under Mar., June, Sep., Dec.) of the total compensation cost per hour worked for Transportation and Material Moving occupations (\$31.5350) divided by the calculated average of the 2020 quarterly estimates (shown under Mar., June, Sep., Dec.) of wages and salaries cost per hour worked for the same occupation category (\$20.8375). 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 2020, "Table 3. Civilian workers, by occupational group: employer costs per hours worked for employee compensation and costs as a percentage of total compensation, 2004-2020." March 2021. Available at <https://www.bls.gov/web/ecec/ececqrtn.pdf>. Accessed June 1, 2021.

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 \$167,030. This is based on the number of responses that must be reviewed (11,788) multiplied by the time burden to review and process each response (10 minutes or 0.166 hours) = 1,957 hours multiplied by the average hourly loaded rate for a CBP Officer ($\$85.35^2 = \$167,030$).

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

There has been an increase in the annual burden hours previously reported due to an increase in the estimated number of respondents, thus increasing the responses received per respondent and the total responses received. There is no change to the information being collected. The form will be automated into VECS.

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 will display the expiration date for OMB approval of this information collection.

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.

² CBP bases this wage on the FY 2021 salary and benefits of the national average of CBP Officer Positions, which is equal to a GS-11, Step 9. Source: Email correspondence with CBP’s Office of Finance on September 7, 2021.