

SUPPORTING STATEMENT
U.S. Department of Commerce
National Oceanic & Atmospheric Administration
Capital Construction Fund Agreement, Certificate Family of Forms, and
Deposit/Withdrawal Report
OMB Control No. 0648-0041

Abstract

This request is for extension and revision of this information collection to add a form (Schedule of Tax Basis) to the Certificate Family of Forms. NMFS is proposing to add the Schedule of Tax Basis form, which is required upon completion of a Schedule B project in order to determine the remaining tax basis of the qualified vessel.

This request is for a revision and extension of a currently approved information collection. The Merchant Marine Act of 1936, as amended by Public Law 91-469 and Public Law 99-514, provides for the administration of a Capital Construction Fund (CCF) Program by NOAA's National Marine Fisheries Service (NMFS). The law requires that applicants enter into formal Agreements with the Secretary of Commerce. The Agreement allows the fishermen to defer taxable income from operation of their fishing vessels if the money is placed into an account to fund the construction, reconstruction, or replacement of a fishing vessel. The program requirements are detailed at 50 CFR part 259. The Agreement is a contract between the Secretary of Commerce and the Agreement holder specifying the obligations of each party. Schedule A specifies the vessel which earned the income which is eligible for deposit in to a CCF account. Schedule B specifies the construction, acquisition, or reconstruction objectives planned under the Agreement. The Certificate of Construction/Reconstruction certifies the total cost at completion of Schedule B objectives.

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.

National Oceanic and Atmospheric Administration (NOAA) Form 34-82, NOAA Form 88-14 and the Certificate Family of Forms are used to facilitate meeting the continuing record keeping requirements of the CCF program. The program was created under the Merchant Marine Act of 1970. The CCF was authorized by Section 607 of the Merchant Marine Act, 1936, as amended, 46 U.S.C. 1177 (now at [46 U.S.C. 53503](#) of the Shipping Act) and administered pursuant to [50 CFR Part 259](#). The data collected is required pursuant to 50 CFR Part 259.7 (Form 34-82), 50 CFR Part 259.2 (Form 88-14), and 50 CFR Part 259.9 (Certificate Family of Forms) and is needed for responsible program administration. The CCF is a tax deferral program which allows participating fishermen to defer the tax on vessel income deposited into the fund and provides for the recapture of the deferred tax by reducing an agreement vessel's basis by the amount withdrawn for its construction, acquisition and/or reconstruction. Deposited income is separated into one of three bookkeeping accounts, and is withdrawn from them on a first-in first-out basis

in accordance with the nature of the withdrawal as set forth in [26 CFR Part 3](#) Sec 3.6(b) and 3.7(c).

If withdrawn monies are not used for allowed purposes, the withdrawn amount (a nonqualified withdrawal) is considered income to the participant in the year withdrawn, and taxed at the highest marginal tax rate for the entity involved.

Under a CCF Agreement, the participant cannot deposit more than the amount specified at 46 U.S.C 53505. National Marine Fisheries Service (NMFS) must approve any withdrawals made before they take place. It is essential that a reasonably detailed record be kept of each participant's deposit/withdrawal activity.

The Merchant Marine Act of 1936, as amended by P.L. 91-469 and P.L. 99-514, provides for the administration of a Capital Construction Fund (CCF) Program by NMFS. The law requires that applicants enter into formal Agreements with the Secretary of Commerce. The Agreement allows the fishermen to defer taxable income from operation of their fishing vessels if the money is placed into an account to fund the construction, reconstruction, or replacement of a fishing vessel. The program requirements are detailed at 50 CFR Part 259. The Agreement is a contract between the Secretary of Commerce and the Agreement holder specifying the obligations of each party. Schedule A specifies the vessel which earned the income which is eligible for deposit in to a CCF account. Schedule B specifies the construction, acquisition, or reconstruction objectives planned under the Agreement. The Certificate of Construction/Reconstruction certifies the total cost at completion of Schedule B objectives. The Schedule of Tax Basis form shows the current remaining depreciable tax basis in a fishing vessel. This form is used to verify that the Agreement holder has properly reduced the tax basis in their vessel for all tax deferred CCF activity. The reduction of tax basis for CCF activity is required so that the Government is able to recapture the taxes deferred when the Agreement holder claimed a CCF deduction on their tax return and deposited those funds into their CCF account. The CCF program is a tax deferral, not a tax free, benefit. Therefore, the recapture of this deferred tax through reduced future depreciation is essential to make the Government whole.

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 is used by the Government for the purpose of responsibly administering the CCF Program and for general program management purposes. NOAA Form 34-82 must be submitted by participants not later than 30 days after the deadline, with extensions, for filing the participant's tax return. A copy of the tax return must also be submitted at that time. NMFS compares the two documents to find any conflicting information on earned income, deductions taken for deposits, adjustments made to depreciation schedules, and the proper payment of additional tax for non-qualified withdrawals. The information is also checked to ensure that withdrawals have been approved, and that deposited income does not exceed the maximum limits specified at 46 U.S.C. 53505. There is no other way, except by direct audit, for us to check if participants are complying with deposit/withdrawal requirements and properly accounting for CCF activity on their tax returns. Incorrect reporting can be costly to the Government in lost rather than deferred tax revenue. The information may also be used for

research to better understand the fishing industry and demands for the program.

NMFS collects information to determine whether an applicant is eligible for a formal Agreement.

- Specific information about the vessel and its characteristics are needed to clearly identify the vessel affected by the Agreement.
- Information on type of gear, fishery, and areas of operation is required because program benefits are limited for certain fisheries and because NMFS must track where the assistance is going to in the industry.
- Information on ownership and percentage of ownership is used to determine eligibility and the proper allocation of cost to the Agreement vessel.
- Information on the bank or other institution at which the CCF account will be established is needed for enforcement purposes.
- Principal mortgage balance and depreciable basis are used to determine limitations of costs of objectives for compliance with program regulations. Objective costs are limited to the lesser of the principal mortgage balance or depreciable basis as of the beginning of the year in which the objective commenced.
- Dates and times for completion and the specific types of improvements to the vessel are needed to determine compliance with regulations, which impose time restrictions for beginning and completing objectives.

NMFS will retain control over the information and safeguard it from improper access, modification, and destruction, consistent with NOAA standards for confidentiality, privacy, and electronic information. See response to Question 10 of this Supporting Statement for more information on confidentiality and privacy. The information collection is designed to yield data that meet all applicable information quality guidelines. Although the information collected is not expected to be disseminated directly to the public, results may be used in scientific, management, technical or general informational publications. Should NMFS decide to disseminate the information, it will be subject to the quality control measures and pre-dissemination review pursuant to [Section 515 of Public Law 106-554](#).

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 forms under this collection can be found on the CCF website at:

<https://www.fisheries.noaa.gov/national/funding-and-financial-services/capital-construction-fund-documents-and-forms>

CCF Program users are encouraged to submit all forms by email if the information contained within the form contains no personally identifiable information (PII). For those documents which contain PII, we provide a link to NOAA's secure portal (Kiteworks). We are currently in the process of having a new CCF database developed. It is anticipated that a future version will have the ability for program users to complete and submit these forms directly into the database.

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

NMFS is solely responsible for the program. Some requirements for financial (tax) and vessel registration documents duplicate data submitted to other agencies, but NMFS accepts copies of this documentation.

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

The form is organized to help small entities such as small businesses keep track of their annual deposit/withdrawal activity in a manner that will aid them in the timely preparation of their tax returns. The information collected is the minimum necessary to ensure participants are complying with program regulations and statute.

6. 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.

The information for NOAA Form 34-82 is collected at the end of each participant's tax year. Less frequent collection would allow improper deposit/withdrawal activity to go undetected for periods of more than one year and, in some cases, could prevent the Internal Revenue Service (IRS) from protecting the Government's interest if they were not notified of tax liability situations in time to act before the expiration of the IRS 3-year statute of limitations. Not collecting the information would almost certainly result in the Government not recovering substantial amounts of deferred taxes.

The information for NOAA Form 88-14 is only collected once and is initiated by the respondent to obtain program benefits. If all of the information was not gathered, NMFS could not be certain of the applicant's eligibility for an Agreement, track program activity, or ensure compliance with other requirements.

The information for the Certificate Family of Forms is collected prior to project commencement and upon project completion. If the information was not collected we would not be able to grant project approval and would not be able to perform the review necessary to close out projects upon completion.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with OMB guidelines.

The collection is consistent with OMB guidelines.

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.

A Federal Register notice published on December 28, 2021 (86 FR 73742) solicited public comments. No public comments were received.

Comments were solicited by email from three program users. One representative declined to provide feedback/comments due to the time constraints of tax season. A second representative provided one comment. The third representative did not respond to our request for feedback/comments. The one comment received is listed below:

Reporting format

“It would help if the forms could be filled out online instead of by hand.”

As mentioned above, in Item 3, we are currently in the process of having a new CCF database developed. It is anticipated that a future version will have the ability for program users to complete and submit these forms directly into the database.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payment or gift to respondents is provided.

10. Describe any assurance of confidentiality provided to respondents and the basis for the 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.

The information collected is confidential under the [Magnuson-Stevens Fishery Conservation and Management Act](#), as amended in 2006, and [NOAA Administrative Order 216-100](#), which sets forth procedures to protect confidentiality of fishery statistics. In addition, 50 CFR 259.10(b) states: “All CCF information received by the Secretary shall be held strictly confidential to the extent permitted by law, except that it may be published or disclosed in statistical form provided such publication does not disclose, directly or indirectly, the identity of the fund holder.”

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or 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.

No sensitive questions are asked, however, the provision of the Agreement holder’s Social

Security Number is required pursuant to 46 U.S.C. Sec. 53517 (b) which requires NMFS to report annually to the IRS on Capital Construction Funds including the name and taxpayer identification number of each Agreement holder.

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

Information Collection	Type of Respondent (e.g., Occupational Title)	# of Respondents (a)	Annual # of Responses / Respondent (b)	Total # of Annual Responses (c) = (a) x (b)	Burden Hrs / Response (d)	Total Annual Burden Hrs (e) = (c) x (d)	Hourly Wage Rate (for Type of Respondent) (f)	Total Annual Wage Burden Costs (g) = (e) x (f)
CCF Deposit/Withdrawal Report (34-82)	Fishing Occupation	1050	1	1050	2	2,100	\$16.70	\$35,070
CCF Family of Forms	Fishing Occupation	500	1	500	1.5	750	\$16.70	\$12,525
Capital Construction Fund Agreement (88-14)	Fishing Occupation	25	1	25	2	50	\$16.70	\$835
Totals				1575		2900		\$48,430

*Hourly wage rate obtained from BLS's *Occupational Outlook Handbook* (<https://www.bls.gov/bls/blswage.htm>). The estimate of average burden per response is based on expert review of proposed questions.

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

Information Collection	# of Respondents (a)	Annual # of Responses / Respondent (b)	Total # of Annual Responses (c) = (a) x (b)	Cost Burden / Respondent (h)	Total Annual Cost Burden (i) = (c) x (h)
CCF Deposit/Withdrawal Report (34-82)	1050	1.	525 (mail) 525 (electronic)	\$7.01	\$3,680
CCF Family of Forms	500	1	250 (mail) 250 (electronic)	\$1.64	\$410
Capital Construction Fund Agreement (88-14)	25	1	10 (mail) 15 (electronic)	\$7.78	\$78
TOTALS			1,575-		\$4,168

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.

Cost Descriptions	Grade/Step	Loaded Salary /Cost *	% of Effort	Fringe (if Applicable)	Total Cost to Government **
Federal Oversight	GS-7 step 1	\$ 67,558	25%		\$ 8,628
	GS-11 step 1	\$101,183	25%		\$12,923
	GS-12 step 10	\$157,664	25%		\$20,134
	GS-14 step 10	\$221,538	25%		\$28,292
Other Federal Positions					
Contractor Cost					
Travel					
Other Costs:					
TOTAL			100%		\$69,977

* From 2022 GS General Schedule Washington DC locality pay schedule with 35% overhead rate applied.

** Based upon 1062.50 total estimated annual hours

15. Explain the reasons for any program changes or adjustments reported in ROCIS.

The burden hour estimates, used in item #12, were adjusted to be reflective of the current Capital Construction Fund Program active cases and average number of new applications and certificate family of forms submissions received. The response time estimates were adjusted to be more representative of the amount of time it takes a respondent to complete each form. We

are adding the Schedule of Tax Basis form to the Certificate Family of forms. The number of respondents and response time estimates were adjusted to include the addition of this form.

The annual respondent cost burden rates, used in item #13, have been adjusted to reflect an increase in postal rates since the last PRA renewal. In addition, the copies/supplies rate estimate was adjusted for inflation. The total annual burden cost to respondents has decreased due to the availability of email submission of these documents that didn't exist in the prior PRA renewal.

The average cost of labor, used in item #14, was updated from the last PRA renewal to use the 2022 GS pay rates based upon the Washington D.C. locality schedule.

Information Collection	Respondents		Responses		Burden Hours		Reason for change or adjustment
	Current Renewal / Revision	Previous Renewal / Revision	Current Renewal / Revision	Previous Renewal / Revision	Current Renewal / Revision	Previous Renewal / Revision	
CCF Deposit/Withdrawal Report (34-82)	1,050	1,000	1,050	1,000	2,100	3,500	Reduction in estimated reporting time of 3.5 hours to 2 hours per form based on feedback from respondents.
CCF Family of Forms	500	550	500	550	750	550	Changes in burden reflect addition of certificate of construction or reconstruction (burden previously covered under difference IC), removal of 88-14 to it's own IC, and addition of new form – Schedule of tax basis
Certificate of Construction or Reconstruction	Now under CCF Family of Forms	50	Now under CCF Family of Forms	50	Now under CCF Family of Forms	25	This form and associated burden is being moved into the "Family of Forms" IC going forward
Capital Construction Fund Agreement (88-14)	25	Previously under CCF Family of Forms	25	Previously under CCF Family of Forms	50	Previously under CCF Family of Forms	This form was previously included in "Family of Forms" IC but going forward will be a stand alone IC for increased transparency
Total for Collection	1,575	1,600	1,575	1,600	2,900	4,075	
Difference	-25		-25		-1,175		

Information Collection	Labor Costs		Miscellaneous Costs		Reason for change or adjustment
	Current	Previous	Current	Previous	
CCF Deposit/Withdrawal Report (34-82)	\$35,070	NA	3,680	6,450	Reduction in estimated reporting time of 3.5 hours to 2 hours per form based on feedback from respondents and an increase in electronic submission.
CCF Family of Forms	\$12,525	NA	410	775	This form and associated burden is being moved into the "Family of Forms" IC going forward
Certificate of Construction or Reconstruction	Now under CCF Family of Forms	NA	Now under CCF Family of Forms	360	This form and associated burden is being moved into the "Family of Forms" IC going forward
Capital Construction Fund Agreement (88-14)	\$835	NA	78	Previously under CCF Family of Forms	This form was previously included in "Family of Forms" IC but going forward will be a stand alone IC for increased transparency
Total for Collection	48,430	NA	4,168	7,585	
Difference	48,430		-3,417		

16. 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.

The information collected is not published.

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

The forms will display the expiration date of OMB approval.

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\(b\)\(3\)](#).