

**Supporting Statement
for**

**CERTIFICATES OF FINANCIAL RESPONSIBILITY UNDER THE OIL
POLLUTION ACT OF 1990**

OMB CONTROL NO.: 1625-0046

**COLLECTION INSTRUMENTS: Instruction, CG-5585, CG-5586, CG-5586-1,
CG-5586-2, CG-5586-3, and CG-5586-4.**

A. Justification.

1. Circumstances that make the collection of information necessary.

This information collection is “reporting” in nature and is used by the Coast Guard’s National Pollution Funds Center (NPFC) to establish compliance with 33 CFR 138, subpart A, the Oil Pollution Act of 1990 (OPA, 33 U.S.C. § 2716), and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. § 9608). This collection of information collection is being amended to reflect new information collection requirements found in a new rulemaking [USCG-2017-0788, RIN: 1625-AC39].

2. By whom, how, and for what purpose the information is to be used.

The information collection requirements described in this supporting statement are necessary to provide evidence of a respondent’s ability to pay for removal costs and damages associated with discharges or substantial threats of discharges of hazardous material or oil into the navigable waters, adjoining shorelines, or the exclusive economic zone of the United States. The requirements are imposed generally on COFR Operators and guarantors of tank vessels over 100 gross tons and other vessels over 300 gross tons (see 33 U.S.C. § 2716(a)).

3. Consideration of the use of improved information technology.

Electronic submission of Certificates of Financial Responsibility (COFR) applications (form CG-5585) and electronic payment (credit cards) are now available using the Internet. NPFC receives approximately 75% of this collection directly from insurers through our COFR mailbox. NPFC currently receives approximately an additional 20% of this collection electronically through ECOFR, primarily from its United States’ applicants.

The NPFC has automated this process as much as possible. Using E-COFR first time COFR applicants use the electronic system, they must also mail the required signatures, but all subsequent transactions can be completed electronically. The NPFC has researched using digital signatures to fully automate this process, but the current lack of technology and funding does not make this approach feasible.

In addition, NPFC has a small percentage of customers, particularly international and/or infrequent users, who prefer to submit paper forms. The NPFC accepts electronic payment from major U.S. credit cards; international customers who do not hold these cards or any customers who prefer to use an alternative payment method would therefore need to submit paperwork authorizing payment. It is easier for these customers to submit the entire application in paper rather than half in paper and half electronically. Similarly, customers who expect to need only a one-time application may not find it expedient to go through the online enrollment process.

The NPFC has not automated any of the CG-5586 series of forms because it only receives approximately 10 of these forms annually. Because of this low volume, it is not cost effective to automate these forms at this time.

4. Efforts to identify duplication. Why similar information cannot be used.

No other entity provides the service required. NPFC is the only authority for the issuance of COFRs.

5. Methods to minimize the burden to small businesses if involved.

This information collection does not have an impact on small businesses or other small entities.

6. Consequences of the Federal program if collection were conducted less frequently.

If the collection is not conducted or is conducted less frequently, the NPFC could not ensure that the respondents could pay for removal costs and damages associated with an oil or hazardous substance incident, as is required by statute and regulation.

7. Explain any special circumstances that would cause the information collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2).

- a. Respondents might be required to report information to the agency more often than quarterly if they desire a COFR more frequently.
- b. There is no requirement that respondents prepare a written response to a collection of information in fewer than 30 days after receipt of it.
- c. There is no requirement that respondents submit more than an original and two copies of any document.
- d. There is no requirement that respondents retain records other than health, medical, government contract, grant-in-aid, or tax records for more than 3 years.
- e. There is no statistical survey involved.
- f. There are no special circumstances that would cause an information collection to be conducted in a manner that includes a pledge of confidentiality that is not supported by the 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.
- g. The only confidential information that may be required is company financial data, which would be submitted if the respondent chooses to obtain a COFR by means of self-insurance or financial guaranty method. Should respondents not wish to disclose this information, they could use an alternative method to obtain a COFR (e.g., insurance from a commercial provider).

8. Outside consultation for this collection effort.

A notice of proposed rulemaking [USCG-2017-0788, RIN: 1625-AC39] was published on March 13, 2020 in the Federal Register (85 FR 28802) that proposed additional information collection for COFR Operators and guarantors. The Coast Guard did not receive any comments on this information collection during the public comment period. On December 1, 2021, Certificates of Financial Responsibility Under the Oil Pollution Act of 1990 Final Rule was published [86 FR 68123].

9. Explain any decision to provide any payment or gift to respondents.

There is no offer of monetary or material value for this information collection.

10. Describe any assurance of confidentiality provided to respondents.

There are no assurances of confidentiality provided to the respondents for this information collection. This information collection request is covered by the National Pollution Funds Center Pollution Response Funding, Liability, and Compensation System (NPFC PRFLACS) Privacy Impact Assessment (PIA) and Marine Information for Safety and Law Enforcement (MISLE) and Law Enforcement (ULE) System of Records Notice (SORN). Links to the NPFC PRFLACS PIA and MISLE and ULE SORN are provided below:

- https://www.dhs.gov/sites/default/files/publications/privacy_pia_007_uscg_npfc_2009.pdf
- <https://www.govinfo.gov/content/pkg/FR-2009-06-25/html/E9-14906.htm>
- <https://www.regulations.gov/document?D=DHS-2016-0074-0001>

11. Additional justification for any questions of a sensitive nature.

There are no questions of sensitive language.

12. Estimates of reporting and recordkeeping hour and cost burdens of the collection of information.

This information collection utilizes six CG-forms that need to be completed by respondents. Initially all respondents need to complete Application for Vessel Certification of Financial Responsibility (CG-5585) and Insurance Guaranty Form (CG-5586), then every year respondents may complete varies supplementary form.

Types of respondents are:

- COFR Operators:
 - New applicants that do not self-insure need only to complete the CG-5585
 - The approximately 900 United States COFR Operators and 9,000 foreign COFR Operators must renew their COFRs every 3 years. Therefore, for the purposes of this information collection budget, we have assumed that a third of them renew each year.
- Guarantors
 - Only one applicable GC-5586 is completed by either a guarantor, self-insurer, or insurer per COFR Operator.
 - The almost 100 guarantors, including self-insurers, must submit required affidavits and financial documentation every year to maintain approval to provide acceptable evidence of financial responsibility.

Table 1 summarizes the burden associated with the previously approved information collection

Table 1: Previously Approved Collection of Information Burden

Number of Respondents		
COFR Operator Respondents	3,300 ¹	
Guarantor Respondents	100	
Burden		
Reporting Hours per Response	1	
Recordkeeping Hours per Response	0	
Hour Burden	3,400	
Cost (assuming \$26.04 per hour) ²	\$88,500	

¹ Assumes that 1/3 of the approximately 9,900 vessel COFR Operators would submit information per year.

² Burdened labor rate based on 2005 Bureau of Labor Statistics mean national wage average (\$18.21 per hour) + 43 percent overhead factor to estimate employee benefits. Bureau of Labor Statistics data shows that total employee benefits is approximately 30% of total

A new rulemaking [USCG-2017-0788, RIN: 1625-AC39] adds additional collection of information requirements to existing OMB Control Number 1625-0046 for: COFR Operators to report gross tonnage and gross tonnage measurement systems used, and submit a copy of their tonnage certifying document, upon request; guarantors to report the reason for termination of a guaranty; and COFR Operators to report vessel name changes and increase reporting on location of vessel when there is a change in ownership on date of change. Table 2 summarizes the annual information collection burden resulting from the new rulemaking [USCG-2017-0788, RIN: 1625-AC39].

Table 2: Additional Collection of Information Burden Resulting from Rulemaking [[USCG-2017-0788, RIN: 1625-AC39]

<u>Collection of Information of the Rule</u>	<u>Number of Responses/Year</u>	<u>Per Response Burden (Hours)</u>	<u>Hours/Year</u>	<u>Dollars/Year³</u>
Reporting of gross tonnage measurement systems used, and submission of copy of the tonnage certifying document	12	0.25	3	\$109
Reporting of reason for termination of guaranty by a guarantor	4,000	0.08	320	\$11,594
Reporting vessel name change and increased reporting on location of vessel when there is a change in ownership on date of change	1,000	0.08	80	\$2,898
Total			403	\$14,601

Table 3 summarizes the total information collection burden.

Table 3: Total Collection of Information for OMB Control Number 1625-0046 (Approved Collection of Information + Incremental Collection of Information of the Rulemaking

	<u>Hours</u>	<u>Dollars (Annual)</u>
Approved Collection of Information OMB Control Number-0046	3,400	\$88,500
Incremental Collection of Information of the Rule	403	\$14,601
Total	3,803	\$103,101

13. Estimates of annualized capital and start-up costs.

compensation. By applying a benefit factor of approximately 43 percent to the hourly wage, we calculate total compensation. Hourly Wage + Benefit Factor = Total Compensation. $\$18.21 \text{ per hour} + 0.43 \times 18.21 = \26.04 per hour .

³Total employer compensation costs for private industry workers averaged, \$36.23 per hour worked, found at <https://www.bls.gov/news.release/pdf/ecec.pdf>. Bureau of Labor Statistics Economic News Release Employer Costs for Employee Compensation news release text. Thursday, March 18, 2021. This wage rate was selected because it is the most general and reflects that the person submitting the information could be any worker whether an administrative assistant or a Chief Executive Officer of a company.

There are no record keeping, capital, start-up or maintenance costs associated with this information collection.

14. Cost to Federal Government.

Five Marine Insurance Examiners, most of which are GS-13, spend about 40% of their time on this information collection.

Number of Marine Insurance Examiners	5
Annual Hours per Examiner ⁴	768
Cost (assuming \$66 per hour) ⁵ per Examiner	\$50,688
Total Annual Government Cost Burden	\$ 253,440

15. Explain the reasons for the change in burden.

The change in burden is a result of a new rulemaking [USCG-2017-0788, RIN: 1625-AC39] that requires additional information from COFR Operators and guarantors (see section 12 above for the incremental burden associated with the rulemaking).

16. For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis and publication.

This information collection will not be published for statistical purposes. The NPFC provides a public search function on its COFR Web site on approved vessel COFRs. The Web site is automatically updated daily from the COFR database, which NPFC maintains through this information collection.

In addition, NPFC posts graphs and tables on various types of insurers and methods of financial responsibility on its COFR Web site. These are generated from its COFR database and posted on a monthly basis.

17. Explain the reasons for seeking not to display the expiration date for OMB approval of the information of collection.

USCG will not display the expiration date on the forms, due to the fact that the forms that are generated through our ECOFR system require programming changes to update the dates. The programming can take time to be accomplished by OSC.

18. Explain each exception to the certification statement.

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

B. Collection of Information Employing Statistical Methods.

This information collection does not employ statistical methods.

⁴ Calculated from 40% of [(50 weeks/year x 40 hours/week) – (10 Federal holidays x 8 hours/day)]

⁵ To assess the cost of government effort, we used an employee rate of \$66 per hour, which is the in-government hourly rate for GS-13 personnel from COMDTINST 7310.1J, Standard Rates.