

**Supporting Statement
Petroleum Refineries in Foreign Trade Sub-zones
1651-0063**

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.**

The Foreign Trade Zones Act, 19 U.S.C. 81c(d) contains specific provisions for petroleum refinery sub-zones. It permits refiners and U.S. Customs and Border Protection (CBP) to assess the relative value of such multiple products at the end of the manufacturing period during which these products were produced, when the actual quantities of these products resulting from the refining process can be measured with certainty.

19 CFR 146.4(d) provides that the operator of the refinery sub-zone is required to retain all records relating to the above-mentioned activities for five years after the merchandise is removed from the sub-zone. Further, the records shall be readily available for CBP review at the sub-zone.

Instructions on compliance with these record keeping provisions are available in the Foreign Trade Zone Manual which is accessible at:
<http://www.cbp.gov/document/guides/foreign-trade-zones-manual>.

- 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 .**

CBP uses this information to collect duty, oversee foreign trade zone (FTZ) activities, target specific shipments and commodities for inspection, review and/or audit.

Failure to have correct and accurate information could result in the wrong rate of duties, taxes, and fees being assessed. In addition to the monetary impact, circumvention of trade agreements, inaccurate trade statistics and non-compliance with U.S. trade laws could occur.

- 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 majority of Petroleum Refinery FTZs use automated systems to keep records. Certain activity involving zone operations may also utilize federal agency automated procedures. CBP entries for merchandise transferred to the Customs territory may utilize the CBP electronic systems. The CBP Form (CBPF) 7501 may be utilized for CBP entry with the entry being treated as a live entry (entry summary filed at the time of entry with estimated duties attached or electronic payment). CBP encourages Operators and Users to use the electronic 214 (Application for Foreign Trade Zone Admission and or Designation) (e214) process, which is effective in reducing unnecessary paperwork, simplifying procedures, and reducing the need for direct CBP supervision.

OFO and the Petroleum centers interacts with respondents frequently and provides ample opportunities for respondents to express their opinions regarding the information collection. The Petroleum Center handles the monthly statements for the petroleum subzones as that falls under entry. OFO handles other FTZ items that fall into their purview regarding FTZ admissions, compliance reviews, etc.

- 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.**

Without these prescribed record keeping requirements, CBP could not adequately monitor zone activities in oil refineries, which would impact revenue collection. Inadequate FTZ accounting controls can also result in circumvention of trade agreements, inaccurate trade statistics and non-compliance with U.S. trade laws.

- 7. Explain any special circumstances related to this collection of information.**

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, a 60-day notice published on March 01, 2023 (88 FR 12971) on which no comments were received, and a 30-day notice published on July 31, 2023 (88 FR 49478) on which no comments have been 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.

The 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
Recordkeeping for Petroleum Refineries	47,000	47	1	47	1,000 hours

Public Cost

The estimated cost to the respondents is \$3,373,190. This is based on the estimated burden hours (47,000) multiplied by the average loaded hourly wage rate for foreign trade zone operators (\$71.77). CBP calculated this loaded wage rate by first multiplying the Bureau of Labor Statistics' (BLS) 2021 median hourly wage rate for Transportation, Storage, and Distribution Managers (\$47.22), which CBP assumes best represents the wage for foreign trade zone operators, by the ratio of BLS' average 2021 total compensation to wages and salaries for Management,

business, and financial occupations (1.4593), the assumed occupational group for brokers, to account for non-salary employee benefits.¹ CBP assumes an annual growth rate of 4.15% based on the prior year's change in the implicit price deflator, published by the Bureau of Economic Analysis.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

The recordkeeping burden and costs are described in Item #12 of this Statement. There are no capitalization costs associated with this collection.

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 \$243,427. This is based on the number of reviews and spot checks that must be conducted (14) multiplied by the time burden to review and process each response (235 hours) = 3,290 hours multiplied by the average hourly loaded rate for other CBP employees (\$73.99)² = \$243,427.

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

There has a decrease in the estimated annual burden hours previously reported for this information collection. The decrease was not caused by a change in the program but was due a change in agency estimates. The number of respondents and responses provided was readjusted to reflect the current number of respondents, a decrease from 81 to 47, resulting in a decrease in burden from 81,000 to 47,000. There are no changes to the information being collected and no change in the method of collection.

16. For collection of information whose results will be published, outline plans for tabulation, and publication.

¹ Source of median wage rate: U.S. Bureau of Labor Statistics. Occupational Employment Statistics, "May 2021 National Occupational Employment and Wage Estimates United States." Updated March 31, 2022. Available at https://www.bls.gov/oes/current/oes_nat.htm. Accessed May 25, 2022. The total compensation to wages and salaries ratio is equal to the calculated average of the 2021 quarterly estimates (shown under Q01, Q02, Q03, Q04) of the total compensation cost per hour worked for Management, business, and financial occupations (\$74.1275) divided by the calculated average of the 2021 quarterly estimates (shown under Q01, Q02, Q03, Q04) of wages and salaries cost per hour worked for the same occupation category (\$50.7975). Source of total compensation to wages and salaries ratio data: U.S. Bureau of Labor Statistics. Employer Costs for Employee Compensation. "ECEC Civilian Workers - 2004 to Present." March 2022. Available at <https://www.bls.gov/web/ecec.supptoc.htm>. Accessed May 25, 2022.

² CBP bases this wage on the FY 2022 salary and benefits of the national average of other CBP positions, which is equal to a GS-13, Step 1. Source: Email correspondence with CBP's Office of Finance on June 27, 2022.

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.

This is a record keeping function, so it is not appropriate to display the expiration date.

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.