

SUPPORTING STATEMENT
U.S. Department of Commerce
International Trade Administration
(Foreign-Trade Zones Annual Report)
OMB Control No. 0625-0109

Abstract

This is a request for a renewal of a currently approved information collection.

The Foreign-Trade Zones Act (enacted in 1934) established the Foreign-Trade Zones Board (currently comprised of the Secretaries of Commerce and Treasury) to license and regulate foreign-trade zones (FTZs or zones) in the United States. The purposes of the program are to 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 FTZs 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, with more than 1,200 companies operating within those zones.

FTZs are authorized by the FTZ Board and supervised by U.S. Customs and Border Protection. Zone facilities are located in or near ports of entry 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. 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.

The FTZ Act (19 U.S.C. Section 81p) requires that each FTZ grantee submit an annual report on zone operations to the FTZ Board. The FTZ Board, in turn, provides an annual report on zone operations to Congress, interested parties, and the public. Attached as an appendix is the text of Section 81p.

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 annual reports are submitted electronically by FTZ grantees on an annual basis and contain information that relates to all international trade activity within FTZs. This information is used by Congress and the FTZ Board to determine the economic effects of the FTZ program. The public uses the information regarding zone activities to evaluate the effects on their industry sectors. Information from the reports is also used by the FTZ Board and other trade policy officials to determine whether zone activity is consistent with U.S. international trade policy, and

whether it is in the public interest. Commerce officials use the information on various product groups in their responses to Congressional and industry concerns on the economic impact of individual zone operations. The information submitted in grantees' annual reports constitutes the only complete source of compiled information on FTZs.

As noted above, the information submitted in grantees' annual reports helps domestic industry groups monitor FTZ activity in their evaluation of the effects on their industry sectors. Zone procedures allow customs cost savings and, as a result, certain domestic industry groups (*e.g.*, pigments, textiles) have expressed concern that these procedures can encourage imports under some circumstances. These groups insist that the information contained in the reports is necessary to monitor and analyze the ongoing operations and their impact on domestic industry. These groups have indicated they would oppose any reduction in the current reporting requirements for FTZ grantees. In fact, the FTZ Board periodically has been asked to increase monitoring of FTZ activity. The annual report information also helps the respondents in their marketing efforts.

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 FTZ staff has developed an online submission system which allows zones, and the companies that are using them, to transmit their reports electronically through a web portal. The organizations submitting the reports have indicated that the system has decreased the reporting burden by automating certain processes and checks that had been done manually in the past. The reports may only be submitted electronically.

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 information submitted is not duplicative of any other effort. Each grantee reports only on, and submits information regarding, its own locally operated project. Therefore, there is no overlap between reports or with other collections.

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

FTZ grantees vary significantly in size. Due to the nature of their operations, the smaller of these organizations generally have less record-keeping to conduct and a smaller volume of data to aggregate. Therefore, smaller entities would have fewer burden hours than larger entities.

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 FTZ Act requires the annual collection of this information from FTZ grantees. Apart from this legal requirement, annual submission of this information is necessary for practical reasons. If the information were submitted less frequently, there would be too great a lag between occurrence of activity and the reporting of that activity. Such a lag would mean that Congress, Commerce, and the public would be unable to evaluate zone operations in a timely or meaningful manner. Less frequent reporting would also have a substantial negative impact on trade policy officials' and domestic industries' ability to monitor and evaluate zone activities from a public interest perspective.

7. Explain any special circumstances that would cause an information 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 after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any 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 a 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.**

The information collection is never required more frequently than annually and is due at the same time every year. The response to the information collection is due three months from the end of the calendar year, never sooner. The information collection only needs to be submitted once annually, electronically. There is no requirement that the respondent retain the response longer than three years. 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 Annual Report information collection was published on April 10, 2024 (89 FR 25233).

The National Association of Foreign Trade-Zones (NAFTZ) was the sole entity to submit comments. NAFTZ asserts the FTZ Board underestimates collection time by counting grantees instead of operators as respondents, suggests collecting additional information, proposes how the collected information should be used in reports, and asks that clearer instructions be provided on the “level of effort” to expend on calculations. In considering the submission, the comments provided on usage of information and instructions on calculations do not pertain to information collection. As for counting respondents, the grantees are the entities that directly submit information to the FTZ Board. The estimated burden hours already include the time for operators to provide their responses to grantees. Certain information proposed for collection in the comments is already being collected. Other information proposed for collection would be difficult for parties to obtain and report, which would both add significant burden and decrease data accuracy. The additional information is also not needed for the FTZ Board’s report to Congress.

The FTZ Board staff is in contact with NAFTZ and grantees continuously throughout the year and welcomes open dialogue regarding information collection and the use of the data. Furthermore, several grantee outreach sessions are conducted every year, in which grantees are encouraged to provide feedback on reporting requirements and accuracy of instructions.

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

There are no payments or gifts to respondents.

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 system of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

Under this collection request, respondents will be able to indicate if the report contains confidential data. If so, 15 C.F.R. §400.54 enables the FTZ Board to assure the confidentiality of the data.

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.

Information 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 annual reports from zone grantees is detailed below. Because of the wide variance in burden hours, zone grantees are broken out into four separate groups based on whether the zone is active and, if so, the number of FTZ operators importing and/or exporting merchandise in and out of each zone:

- Inactive Zones – no FTZ activity to report;
- Small Zones – one to five FTZ operators to report;
- Medium Zones – six to ten FTZ operators to report;
- Large Zones I – eleven to 20 FTZ operators to report;
- Large Zones II – 21 or more operators to report.

All of the different zone categories report activity using the same form. The average burden hour per zone type was calculated using data compiled from a sample group of zone grantees per the zone type described in the above chart. In previous information collection renewals, zone grantee burden hours were reflective of the total value of merchandise being imported and exported out of zones. Our current methodology now bases burden hours based on a zone's total number of FTZ operators using each zone, which provides for a more accurate gauge of burden hours involved per zone type.

Estimated Annualized Respondent Burden Hours

Zone Type	Annual Responses (a)	Average Burden Hours (b)	Total Annual Burden Hours (c) = (a) x (b)
Large Zones II	13	76	988
Large Zones I	15	48	720
Medium Zones	35	27	945
Small Zones	136	24	3,264
Inactive Zones	62	1	62
Total Responses	261	35	5,979

ANNUALIZED COST TO RESPONDENTS FOR BURDEN HOURS

The total annualized cost in burden hours to respondents for submitting the annual report was calculated using the median hourly wage of "Other Management Occupations, 11-9000", \$50.21 per hour, as found on the U.S. Bureau of Labor Statistics website at <https://www.bls.gov/oes/current/999301.htm#11-0000>

Estimated Annualized Respondent Costs

Zone Type	Total Burden Hours (a)	Median Hourly Wage (b)	Total Annualized Costs (a x b)
Large Zones II	988	\$ 50.21	\$ 49,607.48
Large Zones I	720	50.21	36,151.20
Medium Zones	945	50.21	47,448.45
Small Zones	3,264	50.21	163,885.44
Inactive Zones	62	50.21	3,113.02

Totals	5,979	\$ 50.21	\$ 300,205.59
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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).

There are no capital/start-up or ongoing operation/maintenance costs associated with this information 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 total annualized cost to the Federal government was calculated using the hourly salary, based on the GS level and locality of each employee on the Annual Report team, as provided on the U.S. Office of Personnel Management website at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2024/general-schedule/>

Estimated Annualized Costs to the Federal Government

Employee	Cost Per Hour	Average Time per respondent		Total Hours	Total Annualized Cost to Gov't
Executive	\$92	261	0.17	44.37	\$ 4,082
Professional (average)	62	261	6.00	1,566.00	97,092
Total Cost to the Government					\$ 101,174

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

The changes to the information collection are: 1) updating the median hourly wage rate; 2) updating the GS wage rate; 3) adjusting the average time spent per respondent; and 4) removing Clerical support, as responses are now electronic. The Professional cost per hour dropped because it is the average of three GS-level staff, instead of a single staffer. These changes are reflected in the table below.

Program Changes or Adjustments

Information Collection Item/Category	Changes		Reason for change or adjustment
	Current	Previous	
Median hourly wage rate	\$50.21	\$45.90	Updated U.S. Bureau of Labor Statistics information
Executive cost per hour	\$92	\$77	Updated GS wage rate
Professional cost per hour	\$62	\$66	Updated GS wage rate
Professional average time	6.00	5.00	Adjusted after reassessment
Clerical average time	n/a	0.50	Removed as no longer applicable

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 from the zone grantees is tabulated by the FTZ Board staff and compiled in an annual report that is provided to Congress as required by the FTZ Act. The deadline for grantees to submit their zone information is March 31. The data is reviewed for accuracy and the Annual Report is made available every year to zone grantees and the public through the FTZ Board's website, typically by late Summer or early Fall.

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 agency plans to display the expiration date for OMB approval of the information collection on the form.

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

The agency certifies compliance with 5 C.F.R. 1320.9 and the related provisions of 5 C.F.R. 1320.8(b)(3).

B. Collections of Information Employing Statistical Methods

This Collection does not employ statistical methods.

APPENDIX A
Foreign-Trade Zones Act
19 U.S.C. 81p – Accounts and recordkeeping

(a) Manner of keeping accounts

The form and manner of keeping the accounts of each zone shall be prescribed by the Board.

(b) Annual report by grantee

Each grantee shall make to the Board annually, and at such other times as it may prescribe, reports on zone operations.

(c) Report to Congress

The Board shall make a report to Congress annually containing a summary of zone operations.

(June 18, 1934, ch. 590, Sec. 16, 48 Stat. 1002; Dec. 28, 1980, Pub. L. 96-609, title II, Sec. 204, 94 Stat. 3561; Aug. 22, 1986, Pub. L. 99-386, title II, Sec. 203(b), 100 Stat. 823.)

AMENDMENTS

1986 - Subsec. (b). Pub. L. 99-386, Sec. 203(b)(1), substituted "reports on zone operations" for "reports containing a full statement of all the operations, receipts, and expenditures, and such other information as the Board may require". Subsec. (c). Pub. L. 99-386, Sec. 203(b)(2), added subsec. (c) and struck out former subsec. (c) which required the Board to make an annual report to Congress containing a summary of the operation and fiscal condition of each zone, and transmit copies of the annual report of each grantee. 1980 - Subsec. (c). Pub. L. 96-609 substituted "by April 1 of each year" for "on the first day of each regular session".