Department of Transportation
Maritime Administration
Information Collection Request (ICR)
OMB 2133-0032
Application for Construction Reserve Fund and Annual Statements

SUPPORTING STATEMENT

INTRODUCTION

This submission is to request a three-year approval from the Office of Management and Budget's (OMB) clearance for the information collection entitled OMB 2133-0032 (Application for Construction Reserve Fund and Annual Statements), which is currently due to expire on December 31, 2024. Since the last renewal, there was a reduction in the public burden for this collection. There are no other changes to this collection, which will be submitted as *an extension of a currently approved collection*.

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Construction Reserve Fund (CRF), authorized by 46 United States Code (U.S.C.) Chapter 533 (the Act), is a financial assistance program which provides tax deferral benefits to U.S.-flag operators. Eligible parties can defer the gain attributable to the sale or loss of a vessel, provided the proceeds are used to expand or modernize the U.S. merchant fleet. The primary purpose of the CRF is to promote the construction, reconstruction, reconditioning, or acquisition of merchant vessels which are necessary for national defense and to the development of U.S. commerce.

This information collection supports the Secretary of Transportation's strategic goal of promoting economic growth by supporting investments in improving and increasing the production of merchant vessels.

2. Purpose and Use of the Information Collection

A CRF may be established by any citizen of the United States who owns, in whole or in part, a vessel or vessels operating in the foreign or domestic commerce of the United States or in the fisheries. Additionally, a citizen who is operating such vessel or vessels owned by another individual may establish a CRF. The benefits available to the non-owner operator, however, are limited. Also, eligible to establish a CRF are owners of vessels operating in the fisheries of the United States, its territories, and possessions.
The information provided in the application will be used by the Maritime Administration (MARAD) to determine if an applicant qualified for the benefits. The annual statement is used by MARAD to assure that accountholders are satisfying the requirements of the program and to keep agency leaders informed of the scope and scale of use of the program.

3. Automation or Use of Information Technology (IT)

MARAD is in communication with fund holders on a regular basis and encourages electronic filing. In fact, about three quarters of filings are now done electronically. Most electronic submissions are emailed to the relevant recipient within MARAD. Payment of application fee of $225 must be made by means of a physical check. MARAD is exploring electronic payment options for this collection of information.

4. Efforts to Identify Duplication

The CRF program is unique to MARAD. No other agency or organization has a similar or related program.

5. Impact on Small Businesses or Other Small Entities

Small shipping companies may respond to this collection of information. Timely information is requested when a ship owner or operator desires to obtain benefits of the CRF program. There is no requirement for any ship owner or operator to submit any information if they do not desire the CRF benefits. However, a company that is party to a CRF agreement must submit an annual statement setting forth the detailed analysis of the status of the CRF fund when each income tax return is filed. A party to a CRF agreement is required to submit a withdrawal request to MARAD to remove money from the fund. The requestor can proceed with their withdrawal once their request is countersigned by MARAD, and a copy is returned to them. MARAD does not establish any required formats for annual reports or withdrawal requests and exercises flexibility and discretion regarding these items, which minimizes public burden for this collection.

6. Impact of Not Conducting or Less Frequent Collection of Information

Since a CRF account is a joint account between a fundholder and MARAD, the annual fund statement is required in order for MARAD to properly administer the program. The collection of the annual statement also ensures that at the time of countersigning a withdrawal request there is sufficient funds in the particular CRF account to cover the withdrawal.

7. Special Circumstances Relating to the Guidelines 5 CFR 1320.5

There are no special circumstances that require the collection of information to be conducted in a manner described above.

8. Public Comments in Response to the Federal Register Notice and Outside Consultation

MARAD published a 30-day notice and request for comments on this information collection in the Federal Register (FR 80011, Vol 89, No. 190) on October 1, 2024, indicating comments should be submitted on or before December 2, 2024. No comments were received. A 30-day notice will now be published in the Federal Register to solicit public comments.

MARAD personnel frequently communicate with respondents regarding the basis and reporting consistency of the information submitted. Since the CRF program is unique to MARAD, no consultation outside the agency other than with respective depositories is required.

9. Explanation of Any Payments or Gifts to Respondents

No payments or gifts are provided to respondents.

10. Assurance of Confidentiality and Protection of Privacy

Much of the information requested is considered business confidential and trade secrets. While MARAD makes no assurance of confidentiality to respondents. However, disclosure of confidential information was requested, MARAD would do so only in accordance with the Freedom of Information Act and after consultation with the respondent.

11. Justification for Sensitive Questions

There are no questions of a sensitive nature.

12. Estimate of Annualized Burden Hours and Cost

a. Estimated Annualized Burden Hours

An estimated 10 respondents will each take eight hours to prepare and submit required documentation as part of their application to the CRF program once annually, for a total 10 responses. Therefore, the total burden hours associated with this effort is 80. Additionally, each of the 10 respondents will also take an hour to prepare annual statements for this program, for a total 10 hours. Therefore, the total combined burden hours for this collection is 90, which can be calculated as shown in the table below:

Type of Respondent	Total Respondents		Total Responses per Respondent		Total Responses		Average Time Taken to Respond (Hour)		Total Burden Hours
Preparation and submission of application information	10	*	1	=	10	*	8	=	80
Annual Statements							1		10
TOTAL	10	*	1	=	10	*	9	=	90

b. Estimated Annualized Cost Burden

The Bureau of Labor and Statistics (BLS)[1] estimates that the average hourly wage rates for the following professionals are as follows: Lawyer (23-1011) is $84.84, Legal Support Worker (23-2099) is $39.89, and Accountant and Auditor (13-2011) is $43.65.

When combined the total compensation rate of 29%[2], the annualized hourly rate for each professional is as follows: Lawyer (23-1011) is $109.44, Legal Support Worker (23-2099) is $51.46, and Accountant and Auditor (13-2011) is $56.31. Therefore the total annualized cost burden for all professionals associated with tasks related to preparing application materials and annual statements is $ 14,430.90, which can be calculated as shown in the table below:

Title and Code of Respondents and Duties	Hourly Wage	Compensation Rate of 29%	Number of Employees	Total Compensation Rate for Each Respondent	Total Annualized Burden Hours	Total Annualized Cost Burden
Lawyer (23-1011): Collect and assimilate application information	$ 84.84	$ 109.44	2	$ 218.88	30	$ 6,566.40
Legal Support Worker (23-2099); Complete CRF application	$ 39.89	$ 51.46	4	$ 205.84	30	$ 6,175.20
Accountant and Auditor (13-2011): Collect and assimilate annual statement	$ 43.65	$ 56.31	1	$ 56.31	30	$ 1,689.30
TOTAL					**90**	**$ 14,430.90**

13. Estimate of the Total Annual Costs Burden to Respondents and/or Record Keeper

The estimated annual cost burden to the respondents is as follows:

(a) Total Capital and Start-up Costs Estimate: There are no capital or start-up costs associated with this information collection except for a $225.00 application fee for the 10 respondents due when application is submitted. The total costs of the application fee is: $225.00 x 10 = $2,250.

(b) Total Operation and Maintenance and Purchase of Services Estimate: There are no maintenance costs other than the annual reporting included in Item 13 above.

14. Estimate of Federal Government Cost

The total annual cost to the Federal Government for processing the collection is estimated as follows: $ 25,629.50

[1] The hourly wage estimate is taken from current BLS tables: https://www.bls.gov/oes/current/oes_nat.htm.

[2] Per BLS Employee Compensation Memo, the total compensation rate for the private sector is 29%, :https://www.bls.gov/news.release/pdf/ecec.pdf

According to the Office of Personnel Management (OPM)[3] the hourly wages for the following Federal Employees to complete program related tasks for the CFR program are as follows: GS 14 (Step 7): Review and assimilate application information is $80.15, GS 13 (Step 6): Review and recording annual statements is $ 65.94, and (GS-14 step 7): Review and sign withdrawal requests is $ 80.15.

When combined with the Federal Employee Compensation rate of 31%[4], the total hourly wage rates are as follows: GS 14 (Step 7): Review and assimilate application information is $ 104.99, GS 13 (Step 6): Review and recording annual statements is $ 86.38, and (GS-14 step 7): Review and sign withdrawal requests is $ 104.99. Therefore, the total combined Federal Government wages for all tasks associated with the CRF program can be calculated as shown in the table below:

FTE Grade and Step & CRF Program Related Task	Hourly Wage	Average Hourly Wage Rate with 31% Compensation	Total Employees	Total Time for Per application (Hours)	Total Applications	Total Federal Government Wages
GS 14 (Step 7): Review and assimilate application information	$ 80.15	$ 104.99	6	4	10	$ 25,197.60
GS 13 (Step 6): Review and recording annual statements	$ 65.94	$ 86.38	1	0.5	10	$ 431.90
(GS-14 step 7): Review and sign withdrawal requests	$ 80.15	$ 104.99	1	0.33	10	$ 346.47
TOTAL COMBINED FEDERAL WAGES					**30**	**$ 25,629.50**

15. Explanation of Program Changes or Adjustments

Since the last renewal, the total respondents and responses have reduced from 17 to 10 respectively due to less applicants to the CRF program. Consequently, the total public hours which have reduced from 153 to 90 hours.

16. Publication of Data Collection Results

The results of this information collection will not be published.

17. Display of the OMB Expiration Date

[3] OPM 2024 wage tables for Washington-Baltimore-Arlington, DC-MD-VA-WV-PA is as follows: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2024/DCB_h.pdf

[4] Per BLS Employee Compensation Memo, the total compensation rate for the Federal Government is 31%, :https://www.bls.gov/news.release/pdf/ecec.pdf

MARAD is not seeking approval to omit displaying the OMB expiration date.

18. Exceptions to the Certification Statement

There are no exceptions to the certification statement.