

Supporting Statement
for
Information Collection Request

Reporting and Recordkeeping Requirements for
Importation of On-highway Vehicles and Nonroad Engines, Vehicles, and Equipment

EPA ICR Number 2583.02

OMB Control Number: 2060-0717

January 2020

Compliance Division
Office of Transportation and Air Quality
Office of Air and Radiation
U.S. Environmental Protection Agency

1. IDENTIFICATION OF THE INFORMATION COLLECTION

(a) TITLE OF THE INFORMATION COLLECTION

Reporting and Recordkeeping Requirements for Importation of On-highway Vehicles, and Nonroad Engines, Vehicles and Equipment, OMB 2060-0717 EPA ICR 2583.02.

(b) SHORT CHARACTERIZATION (ABSTRACT)

The Clean Air Act requires that on-highway vehicles, and nonroad vehicles, engines and equipment imported into the U.S. either comply with applicable emission requirements or qualify for an applicable exemption or exclusion. The Compliance Division (CD) in the Office of Air and Radiation maintains and makes available instruments to importers to help facilitate importation of products at U.S. Borders. EPA Form 3520-1 is used by importers of on-highway vehicles, and EPA Form 3520-21 is used by importers of nonroad vehicles, engines and equipment.

For EPA Declaration Form 3520-1 and 3520-21, U.S. Customs and Border Protection (CBP) regulations at 19 CFR 12.73 and 12.74 require importers to file the requisite information directly with CBP at the time of entry, with the exception of motor vehicles or stationary, nonroad or heavy-duty highway engines (including engines incorporated into vehicles or equipment). Engines that are imported by the Original Equipment Manufacturer (OEM) and hold an EPA certificate of conformity are labeled accordingly.

EPA makes both forms available on our website in fillable PDF format (<http://www.epa.gov/importing-vehicles-and-engines/publications-and-forms-importing-vehicles-and-engines>). While EPA does not require that the forms be submitted directly to them, the forms are used by CBP to facilitate the importation of products at U.S. borders. EPA requires that the forms be kept by importers for a period of 5 years after importation to assist EPA's Office of Enforcement and Compliance Assurance (OECA) and CBP in locating information should any issues arise with any given importation.

In 2016, CBP deployed the Automated Commercial Environment (ACE). ACE has become the primary system through which the trade community and other importers report imports and exports. Through ACE as the Single Window, manual processes have been streamlined and automated, and paper submissions (e.g. fillable PDFs) have been significantly reduced. During the development of ACE, EPA worked with CBP to incorporate the information detailed on both EPA forms into ACE. Rather than file hard copy forms, importers will log into ACE and check boxes that correspond to information elements currently found on the forms. Filers using the ACE interface will also receive transaction information that will be kept by the filer. However, EPA will continue to maintain the forms on our website in fillable PDF format. Although importers are expected to use the ACE interface to submit information, the PDF versions of the form can also be submitted directly into ACE by importers.

Information collected includes identification of the importer, the entry date, the manufacturer,

the test group/engine family name, engine model and serial number, EPA exemption number if applicable, and bond information if applicable, and an indication of the regulatory category of vehicle, engine, or equipment of the relevant regulatory provision under which it is being imported. The information is submitted directly into ACE or can be submitted by filling in the applicable EPA declarations form and submitted to CBP at the time of importation. Importers must also make the information available to EPA upon request. The information is used to monitor compliance of imports with the law and regulations and to respond to inquiries from the public concerning the compliance status of specific imported engines.

EPA also makes available upon request EPA Form 3520-8 upon request for on-highway vehicles. This form is used by independent commercial importers (ICIs) to request final admission (as opposed to initial declaration) of nonconforming vehicles. This only applies to light-duty vehicle importers who participate in the ICI program under 40 CFR Part 85, Subpart P. Because the ICI program is very small by nature, this form has not yet been incorporated into ACE as have forms 3520-1 and 3520-21 and will continue to be made available upon request as a fillable PDF form.

The following Terms of Clearance were issued for the previous information collection request (ICR) renewal:

“In accordance with 5 CFR 1320, the information collection is approved for three years with the following additional terms of clearance. Prior to the resubmission of the collection, (1) EPA will review information obtained through an on-going International Trade Data System (ITDS) pilot program and the Cargo Time Release Study regarding the utility of continuing this information collection and any potential burden reducing initiatives that may be undertaken to streamline these requirements. (2) In addition, the agency will review the current burden estimates associated with the information collection to accurately assess the burden estimate including the number of respondents, burden hours, and costs associated with the collection. The burden estimate should take into account the time and cost expended by persons to generate, maintain, retain, disclose or provide information to or for a Federal agency consistent with 1320.3(b)(1).”

The EPA addressed the Terms of Clearance by looking at data collected during the ITDS pilot which was conducted by Customs and Border Protection (CBP) on a limited basis in 2016, as they rolled out electronic reporting in the Automated Commercial Environment system. While the ITDS pilot was informative, the burden estimates in this renewal are based on the data supplied to us by CBP for calendar year 2019, which gives a more accurate accounting of how many forms are actually being filed with CBP.

2. NEED FOR AND USE OF THE COLLECTION

(a) NEED/AUTHORITY FOR THE COLLECTION

Joint EPA and CBP regulations at 40 CFR 90.601 *et seq.* and 19 CFR 12.73 and 12.74 promulgated under the authority under the Clean Air Act (Sections 203, 208 and 213) give authority for the collection of information. The collection of this information helps ensure the

compliance of imported vehicles, engines, and equipment with Federal emissions requirements, which helps meet the Agency goal of reducing air pollution. Without this information, EPA and CBP could not confirm that vehicles, engines and equipment being imported conform to the emission requirements of the Act or are appropriately eligible for an exemption from meeting the emissions requirements of the Act.

(b) PRACTICAL UTILITY/USERS OF THE DATA

While EPA does not collect the forms directly from importers, we may ask for them upon request to assist CPB and/or EPA enforcement personnel for any given import for which there are questions or issues. The forms are primarily used by CBP at the time of importation to assist CBP in making determination if entry should be allowed. This information may also be used by CBP or EPA's enforcement personnel to verify that all vehicles, engines and equipment subject to Federal emission requirements have been declared upon entry or that the category of exclusion or exemption from emissions requirements has been identified in the declaration. The information is also used to identify and prosecute violators of the regulations. EPA staff with the appropriate clearances also have access to the ACE system and can view the data directly in the system.

3. NONDUPLICATION, CONSULTATIONS, AND OTHER COLLECTION CRITERIA

(a) NONDUPLICATION

Because the information collected is specific to identifying the appropriate regulated category and appropriate regulatory provisions for imported vehicles, engines and equipment under the Clean Air Act, the information is uniquely specific to EPA. With the paper forms, it was not practical to combine the information contained on the forms with other programs or agencies. However, with the ACE Single Window, importers will now be able file the information electronically directly with CBP.

(b) PUBLIC NOTICE REQUIRED PRIOR TO ICR SUBMISSION TO OMB

EPA issued a Federal Register notice on November 18, 2019 (84 FR 63653) to solicit comments on this ICR. No comments were received.

(c) CONSULTATIONS

The following representatives and manufacturers of imported vehicles, engines, and equipment provided feedback on the current process. EPA has also used data collected from the ACE system to help refine previous burden estimates.

Larry Keller
Polaris Industries
2100 Highway 55
Medina, MN 55340

Jennifer Kamarek
Compliance Specialist
Vandegrift Customs Brokerage
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Norfolk, VA 23510

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Caterpillar
10 SW Washington
Peoria, IL 61602

(d) EFFECTS OF LESS FREQUENT COLLECTION

The forms are provided to CBP by the importer only when the products arrive at the port to assist CBP in facilitating entry of the products. Therefore, less frequent collection is not feasible. Note that one form or ACE entry per shipment may be used, provided attachments including all the information required to describe each engine is included.

(e) GENERAL GUIDELINES

Forms 3520-1 and 3520-21, are only filed with CBP once at the time entry. For form 3520-8, this ICR requires that ICIs notify EPA when requesting final admission for vehicles and this may occasionally result in reporting more often than quarterly if vehicles are tested and ready for sale more frequently than quarterly. This requirement is necessary for EPA to have the opportunity to inspect vehicles prior to release from the ICI. If EPA only required quarterly reports, either the ICI would have to hold vehicles and release them on a quarterly basis or EPA would not likely have the opportunity to inspect or require confirmatory testing of vehicles imported by the ICI.

(f) CONFIDENTIALITY

Any information submitted to the Agency for which a claim of confidentiality is made will be safeguarded according to policies set forth in Title 40, Chapter 1, Part 2, Subpart B - Confidentiality of Business Information (see 40 CFR 2.201 et seq.). The public is not permitted access to information containing personal or organizational identifiers.

(g) SENSITIVE QUESTIONS

No sensitive questions are asked.

4. THE RESPONDENTS AND THE INFORMATION REQUESTED

(a) RESPONDENTS/NAICS CODES

Information collected is from individual importers and both small and large companies who import or import and manufacture nonroad engines and recreational vehicles. The NAICS codes for the respondents are as follows:

Light-duty Vehicles

423110 Automobile and Other Motor Vehicle Merchant Wholesalers
441200 Other Motor Vehicle Dealers.

Non-road compression ignition engines

333618 Manufacturers of nonroad diesel engines
333111 Manufacturers of farm machinery and equipment
333112 Manufacturers of lawn and garden tractors (home)
333924 Manufacturers of industrial trucks
333120 Manufacturers of construction machinery
333131 Manufacturers of mining machinery and equipment
333132 Manufacturers of oil and gas field machinery and equipment
811112, 811198 Commercial importers of vehicles and vehicle components
33631 Manufacturers of motor vehicle gasoline engine and engine parts
336312 Manufacturers of gasoline engine and engine parts
33639 Manufacturers of other motor vehicle parts

Small nonroad spark-ignition engines

333618 Other engine equipment manufacturing
336312 Gasoline engine and engine parts manufacturing
336999 Other transportation equipment manufacturing
336911 Motorcycle, bicycle and parts manufacturing

Marine outboard and personal watercraft engines

333618 Manufacturers of marine spark ignition engines
333112 Manufacturers of recreational marine vessels
336611 Ship building and repair
336612 Boat building
336999 Other marine outboard and personal watercraft manufacturing
441222 Motorcycle, boat, and other motor vehicle dealers

Locomotive engines

333618 Manufacturers of locomotives and locomotive engines
48211, 482111, 482112 Railroad owners and operators
488210 Engine repair and maintenance

Large marine compression-ignition engines

333618 Manufacturers of marine diesel engines
33661, 346611 Ship and boat building; ship building and repair
811310 Engine repair and maintenance

| | |
|--------|---|
| 483 | Water transportation, freight and passenger |
| 336612 | Boat building (watercraft not built in shipyards and typically of the type suitable or intended for personal use) |
| 441222 | Motorcycle, boat, and other motor vehicle dealers |

Recreational vehicles, including snowmobiles, all-terrain vehicles, and certain high-speed utility vehicles

| | |
|--------|---|
| 336991 | Motorcycle manufacturers |
| 336999 | Snowmobile and all-terrain vehicle manufacturers |
| 441222 | Motorcycle, boat, and other motor vehicle dealers |

Large nonroad spark-ignition engines

| | |
|--------|---|
| 333618 | Manufacturers of new nonroad spark-ignition engines |
| 333111 | Manufacturers of farm equipment |
| 333112 | Manufacturers of construction equipment |
| 333924 | Manufacturers of industrial trucks |
| 811310 | Engine repair and maintenance |

(b) INFORMATION REQUESTED

(i) Data Items

The data requested include:

- vehicle or engine identification number
- vehicle or engine make
- vehicle or engine model
- model year of the vehicle or engine
- port of entry
- date of entry
- entry number
- importer name, address and telephone number
- broker name, address and telephone number (optional)
- owner name, address and telephone number (optional)
- identification of the type of vehicle or engine by regulatory category
- identification of the provision under which the vehicle or engine is being imported
- EPA exemption number, if applicable
- Bond information, if applicable

(ii) Respondent Activities

To complete the collection, the respondent would:

- read form instructions

-collect data and complete forms

Information Requirements for Importation of Motor Vehicles and Motor Vehicle Engines

| <u>INFORMATION REQUIREMENTS</u> | <u>CITATION</u> |
|--|--|
| I. ICI requirements | |
| - Reporting | |
| - Application for final admission (certified) | 85.1505(a) |
| - Reasonable assistance during inspection, including copies of records or documents | 85.1506(c),(g)(4) 85.1506(b)(2) |
| - Application for final admission (modification/test) | 85.1509(b) |
| - Repair and retest | 85.1509(g) |
| - Maintenance instructions, attestation, parts list | 85.1510(a) |
| - Altitude compensator instructions, attestation | 85.1510(b) |
| - Emission warranties, attestation | 85.1510(c) |
| - Emission labeling, attestation | 85.1510(d) |
| - Fuel economy labeling, attestation | 85.1510(e) |
| - Gas guzzler tax forms, attestation | 85.1510(f) |
| - Reply to notice of suspension or revocation | 85.1513(f)(3)(ii), 85.1513(f)(3)(iv) 85.1513(f)(6) |
| - Request for hearing | 85.1513(f)(3)(iii) |
| Recordkeeping | |
| - Certification, modification, test, purchase, sale, storage, registration, importation | 85.1507 |
| - Owners or ultimate purchasers | 85.1508(b) |
| - Maintenance instructions, parts list, altitude compensator instructions, emission warranties, emission labeling, fuel economy labeling | 85.1510 |
| II. Requirements applying to all importers | |
| - Notification of conditional admission | 85.1504(a) |
| - Request for prior approval (exemption), request for extension of exemption | 85.1511(b),(g) |
| - Request for prior approval (exclusion) | 85.1511(c)-(g) |
| - Attestations, copy of paid invoice | 85.1512(f) |
| - Claim of confidentiality | 85.1514 |

Information Requirements for Importation of All Nonroad Vehicles, Engines, and Equipment

| <u>INFORMATION REQUIREMENTS</u> | <u>CITATION</u> |
|---|-----------------|
| I. Requirements applying to all importers | |
| General provisions | 1068.301 |
| Applying for Exemptions or Exclusions | 1068.305 |
| Available Exclusions | 1068.310 |
| Permanent Exemptions | 1068.315 |
| Temporary Exemptions | 1068.325 |
| Penalties for Violations | 1068.335 |
| Restrictions to Assigning a Model Year | 1068.360 |

5. THE INFORMATION COLLECTED--AGENCY ACTIVITIES, COLLECTION METHODOLOGY, AND INFORMATION MANAGEMENT

(a) AGENCY ACTIVITIES

The EPA Compliance Division does not collect the forms, but rather makes them available to importers and CBP to facilitate entry of goods at the port. The EPA's Compliance Division and/or EPA's enforcement office may ask for them upon request to assist CBP and/EPA enforcement personnel for any given import for which there are questions or issues. The forms are primarily used by CBP at the time of importation to assist CBP in determining if entry should be allowed.

(b) COLLECTION METHODOLOGY AND MANAGEMENT

CBP and EPA use the information to facilitate entry at the port to assess if vehicles, engines, and equipment meet EPA requirements, or are eligible for an applicable exemption. EPA does not collect the forms from importers. As described above, CBP is moving toward the electronic collection of the data elements contained on the forms that will streamline the reporting and recordkeeping burdens. With the implementation of ACE, importers will receive a transaction number which they will be required to maintain so that the importation records can be retrieved from the ACE database if needed.

(c) SMALL ENTITY FLEXIBILITY

Small entities are required to submit the information covered by this ICR when applicable. There is no exemption for small entities.

(d) COLLECTION SCHEDULE

The information is not subject to a collection schedule, but is collected at the time of entry and, in the event of an ICI import, when the vehicle is ready for approval by EPA of final admission.

6. ESTIMATING THE BURDEN AND COST OF THE COLLECTION

6(a) ESTIMATING RESPONDENT BURDEN (Hours)

Each form is estimated to take 0.5 hours to complete. Completing required post-certification testing for ICIs is estimated to take 23 hours per test to complete. EPA estimates .25 hours for recordkeeping requirements for each ICI.

6(b) ESTIMATING RESPONDENT COST

(i) Labor Costs

Rates for engineering managers, mechanical engineers, and secretaries (except legal, medical, and executive) are from the May 2018 BLS National Occupational Employment and Wage Estimates (http://www.bls.gov/oes/current/oes_nat.htm, accessed October 21, 2019). With a 2.1 overhead multiplier, these are \$150.40, \$ 93.7, and \$ 50.76, respectively. Test labor costs are \$66.50 per hour.

(ii) Estimating Capital and Operations and Maintenance Costs

Capital/start-up costs are predominantly incurred by ICIs during the required certification process, which is covered by other ICRs. ICIs in the on-road program typically obtain the necessary testing and certification work from a broker, who also provides testing services, or who obtains from a testing facility the test results necessary for the final importation form.

(iii) Capital/Start-up vs. Operating and Maintenance Costs

The only Operating and Maintenance (O&M) costs associated with this ICR are incurred by ICIs during the required certification process, which is covered by other ICRs.

In the previously approved ICR, EPA estimated these costs to be \$48,064. However, as stated above, these costs are already accounted for in another EPA ICR that covers EPA's light duty certification program (Control of Air Pollution from Motor Vehicles: Tier 3 Motor Vehicle Emission Standards (EPA ICR No. 0783.65, OMB Control No. 2060-0104). Therefore, with the renewal of this ICR, we are zeroing out the capital and O&M costs in this ICR. The burden totals have been updated accordingly.

6(c) ESTIMATING AGENCY BURDEN AND COST

The imports program is administered by EPA's Compliance Division. Forty percent of one Full Time Equivalent employee (FTE), GS 12/3; twenty percent of one Senior Environmental

Employment (SEE) Program employee¹ (about 400 hours); and a portion of the work assignment under a government contract are allocated to imports activities. Based on the 2019 Office of Personnel GS pay schedule for Detroit, EPA estimates a forty percent annual salary of \$34,889 for the EPA FTE, and \$24,000 for the SEE. We then multiply the hourly rate by the standard government benefits multiplication factor of 1.6, for a cost of \$55,822 for the EPA FTE, plus \$38,400 for the SEE, and \$140,000 for the contractor.

6(d) ESTIMATING THE RESPONDENT UNIVERSE AND TOTAL BURDEN COSTS

| | |
|--|------------|
| Reporting, Recordkeeping, and Testing Burdens for Form 3520-8: | 1,985 hrs |
| Reporting and Recordkeeping Burdens, Forms 3520-1 and 3520-21: | 80,000 hrs |
| Total Hours | 81,985 hrs |

| | |
|--|--------------|
| Recording, Recordkeeping, and Testing for Form 3520-8: | \$ 183,899 |
| Reporting and Recordkeeping Burdens, Forms 3520-1 and 3520-21: | \$ 4,060,800 |
| Total Cost | \$ 4,244,699 |

6(e) BOTTOM LINE BURDEN HOURS AND COST TABLES

(i) Respondent Tally

The information collection estimates 14,810 respondents at an estimated labor cost of \$4,244,699.

(ii) The Agency Tally

The total EPA estimated burden is \$158,676 and includes FTE, SEE, and contractor activities to support imports activities.

6(f) REASONS FOR CHANGE IN BURDEN

Other ICRs that previously included these forms based the burdens on an estimate of the actual forms that may be filled in and provided to CBP by importers. Because EPA does not collect the forms, nor did CBP have a tracking system to count the actual number of paper forms they collect, it was difficult to provide an accurate count of the number of forms being filed with CBP. Therefore, the number of responses had been carried over from the previous approved ICRs.

With the deployment of the ACE system, we are now able to have a much more accurate count of the number of forms that are being filed. Based on data we looked at for fiscal year 2019

¹ The SEE Program is an employment program for older workers authorized by the Environmental Programs Assistance Act, passed by Congress in 1984, and provides employment opportunities to senior citizens aged 55 and over.

(October 1, 2019 – September 30, 2019), it appears that the number of entries being filed may be approximately 160,000 per year instead of the 14,000 that had been estimated in previous ICRs. As a result, the burden estimates have increased significantly due to having a better account of how many forms are being filed. Because the ACE system is still relatively new, we are continuing to work with CBP to fully understand the data being collected, and we expect that future burden estimates could change as CBP, EPA, and the importers who submit the data gain more experience using the system and analyzing the data collected.

In the previously approved ICR, EPA estimated capital/start-up and O&M costs to be \$48,064. However, as stated above, these costs are already accounted for in another EPA ICR that covers EPA's light duty certification program (Control of Air Pollution from Motor Vehicles: Tier 3 Motor Vehicle Emission Standards (EPA ICR No. 0783.65, OMB Control No. 2060-0104). Therefore, with the renewal of this ICR, we are zeroing out the capital and O&M costs. The burden totals have been updated accordingly.

6(g) BURDEN STATEMENT

The annual public reporting and recordkeeping burden for this collection of information is estimated to average 45 minutes per response (30 minutes for reporting and 15 minutes for recordkeeping). Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR part 9 and 48 CFR chapter 15.

To comment on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, EPA has established a public docket for this ICR under Docket ID Number EPA-HQ-OAR-2016-0094, which is available for online viewing at www.regulations.gov, or in person viewing at the Office of Air and Radiation docket in the EPA Docket Center (EPA/DC), EPA West, Room 3334, 1301 Constitution Avenue, NW, Washington, D.C. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Reading Room is (202) 566-1744, and the telephone number for the Office of Air and Radiation is (202) 566-1742. An electronic version of the public docket is available at www.regulations.gov. This site can be used to submit or view public comments, access the index listing of the contents of the public docket, and to access those documents in the public docket that are available

electronically. When in the system, select “search,” then key in the Docket ID Number identified above.

Also, you can send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, D.C. 20503, Attention: Desk Officer for EPA. Please include the EPA Docket ID EPA-HQ-OAR-2016-0094 and OMB Control Number 2060-0717 in your correspondence.