

SUPPORTING STATEMENT
U.S. DEPARTMENT OF COMMERCE
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
CERTIFICATION FOR RETAILER TO ACCEPT AND REDEEM COUPONS
FOR DIGITAL-TO-ANALOG CONVERTER BOXES
OMB CONTROL NO. 0660-XXXX

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary.

The National Telecommunications and Information Administration (NTIA) is required to create a program to provide coupons for consumers to purchase digital-to-analog converter boxes. These converter boxes are necessary for consumers who wish to continue receiving broadcast programming over-the-air using analog-only television sets after February 18, 2009 - - the date that television stations are by law required to cease analog broadcasting. Without converter boxes, consumers with analog only television sets will be unable to view television broadcasts over-the-air. To help consumers who wish to continue receiving broadcast programming over-the-air using analog-only televisions not connected to cable or satellite service, Congress authorized NTIA to create a digital-to-analog converter box assistance program (See Title III of the Deficit Reduction Act of 2005, Pub. L. No. 109-171, 120 Stat. 4, ___ (Feb. 8, 2006). As part of this program, eligible U.S. households may obtain a maximum of two coupons of \$40 each to be applied towards the purchase of a digital-to-analog converter box(es). Among other things, the Act states that households may obtain coupons by making requests pursuant to the regulations between January 1, 2008 and March 31, 2009. The Act also requires NTIA to make the coupons available by the United States Postal Service. The Act also prohibits the use of two coupons in combination towards the purchase of a single converter box, and requires all coupons to expire 3 months after issuance.

The Conference Report accompanying the Act expresses an expectation that NTIA will promulgate regulations governing the implementation of the coupon program. NTIA has prepared a proposed rule to establish the parameters of the coupon program, describe the rights and responsibilities of the interested parties, and adhere to the requirements of the Act. In order to implement an effective program, NTIA requires that certain information be collected from consumers, manufacturers, and retailers.

This supporting statement has been prepared to describe the proposed rules and to explain the circumstances that warrant the collection of information from retailers. Additional statements have been prepared describing the collection of information from consumers and manufacturers who intend to participate in the program. The regulations are necessary to provide notice and direction for consumers, manufacturers, and retailers as they provide information in response. With respect to retailers, the proposed rule provides information regarding the certification program retailers are required to comply with in order to sell the converter boxes. The certification program requires retailers to provide installation

information to consumers, prevent fraud and abuse in the coupon program, and provide electronic tracking of coupons and corresponding converter boxes for reporting to NTIA. The proposed rule also requires retailers to adhere to and enforce coupon restrictions such as, prohibiting the redemption of two coupons to purchase a single digital-to-analog converter box or the use of the coupon to purchase any other device, and requires retailers to have a system to prevent consumers from exchanging the converter boxes for cash or other items

With respect to the collection of information, NTIA proposes to require retailers to certify that they: (1) provide information to customers about the necessity for and the installation of a converter box; (2) have in place systems that can be easily audited as well as systems that have the ability to prevent waste, fraud and abuse in the coupon program; (3) are willing to be audited at any time during the course of the coupon program; (4) have the ability to electronically provide NTIA with sales information related to the coupons used in the purchase of converter boxes, specifically tracking each serialized coupon by number with a corresponding certified converter box purchase; and (5) will only submit coupons for redemption as a result of purchases made for converter boxes certified by NTIA. In addition to the self certification, retailers will, of course, be required to provide business identifiable information.

2. Explain how, by who, how frequently, and for what purpose the information will be used. If NTIA's Information Quality Guidelines apply, state this and confirm that the collection complies with the Guidelines.

The information may be submitted to NTIA by retailers using electronic methods to determine the eligibility of those retailers that desire to participate in the coupon redemption and converter box distribution program. The information will also be used to prevent fraud and waste and to make certain retailers design effective consumer education and outreach measures. Only information necessary for consumers to determine the retailers that are certified to participate in the converter box coupon program will be disseminated to the public. This information will meet NTIA's Information Quality Guidelines.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.

The Congressional mandate that initiated the coupon program contemplates the use of technology in administering the program. NTIA anticipates the use of a web-based information collection system. The information probably will be collected by NTIA through a contractor.

4. Describe efforts to identify duplication.

This information collection is unique to the program and is not available from another source.

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

The information collected from retailers is the minimum amount of information required to ensure the requirements for the certification and coupon redemption programs are met. NTIA has prepared an Initial Regulatory Flexibility Analysis (IRFA) that addresses the effect of the proposed rule on small businesses. The IRFA is provided as Appendix A to the proposed rule.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

The information to be collected will assist in monitoring the progress and in promoting the continued efficient administration of a nationwide program. If the information is not collected, the Federal digital converter box coupon program and policy activities may not adequately address the needs of the participants in the program. The lack of information could result in waste and improperly allocated resources that would ultimately affect the success of the overall digital transition.

7. Explain any special circumstances that require the collection be conducted in a manner inconsistent with OMB guidelines.

The data collection is consistent with OMB guidelines.

8. Consultation Outside the Agency

NTIA will publish the proposed requirements for public comments as part of the proposed rule (RIN 0660-AA16). In addition, staff has informally consulted with members of the industry. NTIA staff has also met with staff from the Federal Communications Commission and the Government Accountability Office.

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

NTIA will not provide gifts or payments to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

NTIA will treat the information as business confidential.

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.

The instrument does not contain any questions of a sensitive nature.

12. Provide an estimate in hour of the burden of the collection of information.

It is estimated that it will take 15 minutes to answer the questions and enter the requested data.

13. Provide an estimate of the total annual cost burden to the respondents or record keepers resulting from the collection (excluding the value of the burden hours in #12 above).

The respondents will not incur any additional, recurring costs associated with records retention as a result of the information collection. Retailers may incur the typical administrative cost that occurs in the ordinary course of business for self-certification. These costs may be recouped in the retail price that retailers charge for the converter boxes.

14. Provide estimates of annualized cost to the Federal government.

The total cost to the federal government is estimated at least \$990 million, which may be increased to \$1.5 billion. The annual cost has not been determined and is dependent upon the demand for the coupons.

15. Program Changes or Adjustments.

This is a new collection thus no changes or adjustments.

16. For collections whose results will be published, outline the plans for tabulation and publication.

NTIA will not publish the data collected.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

Not Applicable.

18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.

No exceptions are requested.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection of information will not employ statistical methods