

**Supporting Statement for  
Payments in Lieu of Taxes (PILT Act),  
Statement of Federal Lands Payments, (43 CFR 44)**

**OMB Control Number 1093-0005**

**General Instructions**

**A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 17 of the OMB Form 83-I is checked "Yes", Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.**

**Specific Instructions**

**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.**

"Payments in Lieu of Taxes" (or PILT) are Federal payments made by the Department of the Interior to local governments that help offset losses in property taxes due to nontaxable Federal lands located within their boundaries. The key law that implements the payments, the Payments in Lieu of Taxes or (PILT) Act, is Public Law 94-565, enacted on October 20, 1976. The PILT Act was rewritten and amended by Public Law 97-258 on September 13, 1982 and codified at [Chapter 69, Title 31 of the United States Code](#).

The PILT Act recognizes that the inability of local governments to collect property taxes on Federally-owned land located within their boundaries can have an adverse impact on their financial ability to provide basic services to their constituents. To ease the financial impact of paying for such vital services as fire and police protection, construction of roads and schools, and other such services that would generally be funded primarily by property taxes, the PILT Act provides that, on an annual basis, Congress shall appropriate funds for the Department of

the Interior to distribute to these local governments to offset the loss in revenue caused by Federal ownership of lands within their respective jurisdictions.

PILT Act payments are computed according to a formula contained in the law. This formula is based on population, receipt sharing payments, and the amount of Federal land within an affected county. However, the PILT Act also provides that local governments that receive funds directly from the Federal government as a result of the provision of one or more of 12 different statutes do not receive full PILT payments. (See Table 1, attached, for a listing of these statutes, and an itemization of the agency making payment, the types of receipts involved, and the disposition of the receipts.) The amounts these local governments receive from the Department of the Interior under the PILT Act are reduced by the total amount of payments received under one or more of these 12 statutes. For this reason, the Office of the Secretary must collect the information covered by this information collection from the states. The Office of the Secretary needs to know how much money each of the local governments that is eligible to receive PILT payments has collected over the course of the past year in order not to pay these jurisdictions more than they are otherwise entitled to receive, under law. For example, if a particular county government has received, over the course of the past fiscal year, a sum that would represent 50% of its total PILT payment for the year from the U.S. Forest Service, as a result of a provision of the Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106-393), the Department of the Interior would only send it a payment of 50% of the amount that it would otherwise receive, based on the formula in the PILT Act, for that fiscal year.

- 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. [Be specific. If this collection is a form or a questionnaire, every question needs to be justified.]**

Under the PILT Act, the Governor of each state, or his/her designee, must furnish the Department of the Interior with a listing of payments disbursed to local governments by the state on behalf of the Federal Government under each of 12 statutes. (See Table 1, attached, for a listing of these statutes, and an itemization of the agency making payment, the types of receipts involved, and the disposition of the receipts.) The Office of the Secretary uses the amounts reported by the state to reduce the PILT payment to units of general local governments from that which they might otherwise receive. If such a listing were not furnished by the Governor, the Office of the Secretary would not be able to compute the PILT payment to units of general local government within the state, as required by law.

Because the information that the Office of the Secretary requests from the states directly affects the dollar value of the PILT payments made to units of general

local government, the General Accounting Office and the Department of the Interior's Office of Inspector General determined that the information furnished by the states must be audited by an independent Certified Public Accountant or a state auditor prior to sending the information to the Office of the Secretary.

The Office of the Secretary's information collection form, known as the "Statement of Federal Land Payments" form, is designed to facilitate the recording of the information requested. It lists each qualifying unit of general local government down the left-hand side of the page. (Note: The form for each state is tailored to its specific needs; it lists only those units of local government that are eligible to receive PILT payments within that particular state.) Across the top of the form are columns which indicate each of the land revenue acts described in Section 6903 of the PILT Act. Each year, the form is amended to indicate the correct fiscal year for which the information is being collected.

The Governor of each eligible state designates which office within the state is responsible for completing the "Statement of Federal Land Payments" form for that state, respectively. In most states, the Treasurer's Office has records of payments made to units of general local government under Section 6903 of the PILT Act, and is responsible for complying with this information collection. Once the responsible state office completes the "Statement of Federal Land Payments" form, it is forwarded to the auditor designated by the state for certification.

The auditor verifies that the payment information is correctly recorded by the responsible state office under the requirements of the PILT Act and applicable state laws. The auditor then discusses any discrepancies with state officials. If state officials agree with the auditor's discrepancies, the auditor will show the total adjustment for each unit of general local government in the column entitled "Recommended Adjustments" on the "Statement of Federal Land Payments" form.

The Office of the Secretary will use this data to compute the payments to units of general local government under 31 U.S.C. 6901-6907.

- 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 [and specifically how this collection meets GPEA requirements].**

Currently, the Office of the Secretary does not collect the information electronically because PILT regulations (at 43 CFR Part 44.23) stipulate that the data provided by the states be "(1) . . . signed by the Governor or a designated

official of the State in which the local government is located; and (2) . . . accompanied by a certification, signed by a State Auditor, an Independent Certified Accountant, or an independent public accountant, that the statement has been audited" in accordance with the auditing standards cited in the regulations. Because all states must provide these signed certifications, they all submit paper copies of their forms. However, some states do submit corrections to the data via email, when required, rather than re-mailing the entire form via the U.S. Postal Service.

The Office of the Secretary has looked into the feasibility of electronically collecting the data that must be certified as accurate by the parties designated in the PILT regulations, and has determined that to do so would require a major redesign of the financial system that calculates PILT payments. Prior to our outreach effort with 3 of the states eligible to receive PILT payments – see our response to question 8, below -- it also believed that while such a redesign might result in improved efficiencies for the Department of the Interior, in processing data submitted by the states, collecting the data electronically would not significantly reduce the burden on the states in using the form to respond to this information collection. As a result of our outreach effort, however, the Office of the Secretary will be re-exploring ways to automate some portions of the process until such time as a major system redesign can be planned, budgeted for, and implemented.

**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.**

There is no duplication between this information collection and other collections. The information is not available from any other source.

**5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.**

This information collection has no significant impact on small entities. State governments are the only entities required to respond to this collection. The information to be collected is limited to only that information needed to comply with the requirements of the PILT Act and its regulations (43 CFR 44.)

**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.**

If the Office of the Secretary does not collect the information, it cannot meet the

requirements of the PILT Act and its regulations (43 CFR 44). Less frequent collection would mean no collection at all. Reducing the burden would prevent the collection of sufficient information needed to compute PILT payments to units of general local governments.

- 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 secrets, 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.**

There are no special circumstances that require collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5.

- 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 in response to the PRA statement associated with the collection over the past three years] and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

**Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. [Please list the names, titles, addresses, and phone numbers of persons contacted.]**

**Consultation with representatives of those from whom information is to be obtained or**

**those who must compile records should occur at least once every 3 years — even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

On July 7, 2006 (71 Fed. Reg. 386057-38658) the Office of the Secretary published a 60-day notice in the Federal Register, soliciting comments from the public and other interested parties, on whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; the accuracy of the agency's estimate of the burden of the collection and the validity of the methodology and assumptions used; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical or other collection techniques or other forms of information technology. No public comments were received.

At the same time, the Office of the Secretary contacted 3 of the states in which were located local governments eligible to receive PILT payments. It asked them the following questions:

1. Is the information being asked for by the Department necessary and useful?
2. How long, in hours, do you estimate that you (and your colleagues – whoever else works on gathering the data, compiling it onto the form, and reviewing it for accuracy) spend prepared each year's submission? How much does it cost your agency to do the work required to submit it (please include the hourly rate of the employees(s) charges with doing it, along with whether or not this rate includes their benefits.)
3. Do you have any suggestions as to how we can improve our information collection? Are our instructions for filling out our forms clear?

One of the states contacted is located in the Upper Midwest; one is located in the South; and one is located in the West.

1. In response to question 1, two of the states responded that they believed that the information collection was necessary if they were to receive PILT payments. The other state appears to believe that the Budget Office, within the Office of the Secretary of the Department of the Interior, is aware of and has access to all of the relevant information relating to payments made to local governments within the states by all of the parties authorized to do so, under any of the 12 statutes, including agencies, such as the U.S. Forest Service and the Federal Energy Regulatory Commission, that are not included in the Department

of the Interior’s budget appropriations. *Unfortunately, this is not the case at this time. If the Office of the Secretary had access to this information through some additional means, it would not be necessary to obtain it from the states by means of this information collection.*

2. The data we received in response to question 2 varied somewhat with respect to the time required for transcription and final submission preparation (with respect to the Southern and Upper Midwestern states), and significantly (with respect to the Western state vis-à-vis the other two states).

	<b>South</b>	<b>Upper Midwest</b>	<b>West</b>
<b>Planning</b>	N/A	N/A	25 hours
<b>Research</b>	8 hours	8 hours	80 hours
<b>Transcription</b>	1 hour	7 hours	20 hours
<b>Auditing</b>	4 hours	4 hours	10 hours
<b>Final Submission Preparation</b>	2 hours	8 hours	5 hours
<b>Total hours</b>	15 hours	27 hours	140 hours

Reconciling these figures, and arriving at an “average” or “typical” burden for this information collection, for this information collection renewal cycle, in light of these responses, was a challenge. Among the more significant factors contributing to how long it takes a state to locate, compile, review and submit the information required by this information collection are the following:

- a. Degree to which the fiscal reporting systems of the respective states support the identification of the information at issue. (How difficult is it to identify the needed information using the fiscal systems available in each respective state?)
- b. Experience of the various personnel tasked with researching, transcribing, auditing and preparing the final submissions. (How well do the individuals performing these tasks understand what is required to fulfill them?)
- c. Number of eligible local governments with respect to each of the 12 applicable statutes. (How many counties are eligible to receive payments under each of the 12 statutes?)

Of these issues, we suspect that it is the latter that accounts for the enormous disparity in time estimates provided by the Western state versus the estimates provided by the other two. It is reasonable to believe that, because so much more

land in the West is owned by the Federal Government than in the rest of the United States, that there should be far more data to locate, transcribe, and audit in conjunction with information collections submitted by Western states than those submitted by states in which the proportion of land owned by the Federal Government is significant small. To test this hypothesis, and refine our estimates, we plan to contact two different Western states and one non-Western state in our outreach effort when next this information collection is subject to renewal.

In the meantime, we are faced with the task of reconciling these estimates. Toward this end, we find the associated observation of the Upper Midwestern state informative: “No problem with the final report form. It’s the work behind the scenes in getting to the numbers that has made this a difficult annual report to complete. Only the fact that one person has prepared this report for the last 8 years and they have developed their own spreadsheets to assist in the data accumulation and computation of the reporting data has this agency managed to keep its cost of preparation to a reasonable level. Earlier years for this person would have cost 2 and 3 times as much in hours expended to complete the report.”

Unfortunately, for this present renewal cycle, while we now believe that our previous burden hour estimate – 20 hours per state respondent – is too low, we are not yet ready to attempt any sort of weighted average, based on the number of respondents that are Western states versus those that are not. Therefore, we are increasing our estimate of the average burden to *50 hours per respondent* to respond to the feedback received from our outreach effort. This is a figure that is considerably less than the 140 hours reported by the Western state, and yet considerably more than the 15 hours reported by the Southern state. It is also a figure that takes into account that the number of hours reported by the Upper Midwestern state is smaller than might otherwise be expected due to the experience of the personnel tasked with preparing the report.

3. In response to question 3, all three respondents indicated that “complete” automation of the collection instruction – making it available on-line and allowing electronic submission of it – would greatly improve the information collection process from their end. They also stated that even a “partial automation” of the process, as in converting the information collection form to an electronic spreadsheet, would make the task of compiling the data easier.

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

The Office of the Secretary does not provide 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.**

The Office of the Secretary protects respondents' confidentiality to the extent consistent with the Freedom of Information Act (5 U.S.C. 552).

- 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.**

This information collection does not require respondents to answer questions of a sensitive nature.

- 12. Provide estimates of the hour burden of the collection of information. The statement should:**

- \* 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 in Item 13 of OMB Form 83-I.**
- \* 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 in Item 14.**

The Office of the Secretary's previous estimate of the total burden for this information collection was 1000 hours. This estimate was based on data provided by the Bureau of Land Management when the information collection was under its management. Our current estimate is based on an actual count of the number of eligible states, along with data provided by states contacted in our outreach effort.

Currently, local governments eligible to receive annual PILT payments are located in 43 states. There are, therefore, 43 respondents reporting once annually to this information collection. After consulting with a sample of respondents – see

response to question 8, above – the Office of the Secretary believes that 50 hours per respondent is a more accurate estimate of the number of hours required to gather the data required by this collection, transcribe it, audit it, and prepare the collection for submission. This brings our revised estimate of the total burden for this information collection to 2150 hours (43 respondents x 50 hours = 2150 hours).

We also obtained data from our sample of respondents related to the annualized cost to respondents of complying with this information collection.

	<b>South</b>	<b>Upper Midwest</b>	<b>West</b>
<b>Cost per hour</b>	\$30	\$28	\$76

With respect to these costs, we were not told if the \$30 per hour from the Southern state included benefits. We were told, explicitly, that the \$28 per hour from the Upper Midwest office did not include benefits. We were also told that the \$76 per hour from the Western state included not only benefits, but space, supplies and equipment, as well.

We tend to believe that a \$30 per hour cost without benefits is probably more typical. Adjusting for benefits, at a rate of 15%, we arrive at an average cost per hour for complying with this information collection of approximately \$34.50. This brings the total annual cost to respondents to approximately \$74,175 (43 respondents x 50 hours x \$34.50 = \$74,175).

**13. Provide an estimate of the total annual [non-hour] cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).**

- \* **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid]. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- \* **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden**

estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

- \* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

Respondents incur no annual capital or start-up costs to prepare for or respond to the information collection. Respondents do not need to purchase any computer software or hardware to comply with this information collection. The Office of the Secretary does not require respondents to pay any filing fees.

- 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. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.**

The Office of the Secretary estimates that it takes approximately 40 hours of time to analyze the data received from the states, enter it into the computer system that processes it, and verify it. Currently, the work is being performed by an employee under contract to the Office of the Secretary who is paid at the rate of approximately \$55 per hour. Adjusted for contract administration costs at a rate of approximately 17%, it costs the Office of the Secretary approximately \$65 an hour to process the information collected, for an annual cost of \$2600 ( $\$65 \times 40$  hours).

- 15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

The Office of the Secretary's previous estimate of the total burden for this information collection was 1000 hours. This estimate was based on data provided by the Bureau of Land Management when the information collection was under its management. Our current estimate -- 2150 hours -- is based on an actual count of the number of eligible states (i.e., respondents), and a revision of our estimate of the average burden per respondent based on data provided by states contacted in our outreach effort. This latter revision resulted in a change (an increase) from 20 burden hours per respondent to 50. Although the size of this increase appears to be significant, we believe that it is not. We believe that it more accurately reflects the true burden for the states in responding to this particular information

collection.

- 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 as a result of this information collection will not be published.

- 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 Office of the Secretary is not requesting approval to not display the expiration date of this information collection.

- 18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

There are no exceptions identified in Item 19 of OMB Form 83-I.

## **B. Collections of Information Employing Statistical Methods**

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the OMB Form 83-I is checked "Yes", the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

- 1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.**
- 2. Describe the procedures for the collection of information including:**
  - \* Statistical methodology for stratification and sample selection,**
  - \* Estimation procedure,**
  - \* Degree of accuracy needed for the purpose described in the justification,**
  - \* Unusual problems requiring specialized sampling procedures, and**
  - \* Any use of periodic (less frequent than annual) data collection cycles to reduce burden.**

- 3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.**
- 4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.**
- 5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.**

This information collection does not employ statistical methods.