

Statement of Why a New Question Needs to be Added in Local Business Interview

The objective of telephone interviews with local businesses is to gain information on what amount (in dollars) of the intermediate inputs (goods and services) was sold by local businesses to each vessel class. In addition to obtaining this information, we plan to add a new, simple question in the telephone interviews with local businesses in the Southwest data collection project (OMB Control Number 0648-0562). The new question to be added is the following:

Q3: On purchase invoices that you send to customers, in what city is your billing address located?

1. Same as store location
2. Other Alaska location
3. Out-of-state location
4. N/A

We plan to add this question for the following reason: the Alaska crab rationalization program requires the vessel owners and processors to report their economic data including the information on the location of their expenditures. In some cases, the reported data on the location of expenditures say that their purchases of goods and services are made in an out-of-state firm although their actual purchases of the goods and services were made at a local business within an Alaska community. This occurs if the local business bills their sales using the address of their parent firm located outside of Alaska. Therefore, to validate the data on location of expenditures obtained from the Alaska crab rationalization program, it is necessary to obtain information on the billing address that the local business uses. The new question will ask the local businesses about this information. With this information, it will be possible to examine to what extent the crab rationalization expenditure data are under- or over-estimated for different locations. The data to be obtained via this question will be aggregated so that we will use only the information on the proportions of local businesses which bill their sales using their own businesses, other parent firms in other Alaska areas, and firms outside of Alaska. Billing address information on individual local businesses will not be revealed or used. In addition, the information thus obtained can be used to validate similar data that will be obtained from other future, potential rationalization programs for the two regions.

Assuming that it will take only 30 seconds (or less) to ask this additional question, the additional total burden will be 56 minutes (1 hour): 112 respondents multiplied by 30 seconds.