

SUPPORTING STATEMENT: 0790-0004

A. JUSTIFICATION

1. Following the July 1993 announcement of the President's program to revitalize base closure communities, Congress created a new property conveyance authority, specifically designed to ease the economic hardship caused by base closures and realignments and to foster rapid job creation in the adversely impacted local communities. This authority is referred to as the "Economic Development Conveyance (EDC)," giving the Department of Defense (DoD) the ability to transfer property to Local Redevelopment Authorities (LRAs), for consideration at or below estimated fair market value, to spur economic redevelopment and job creation. Section 2821 of the National Defense Authorization Act for Fiscal Year 2000 (Pub. L. 106-65) authorizes DoD to transfer EDC property to LRAs at no cost and to modify existing EDC agreements when a change in economic circumstances necessitates a modification.

Pub. L. 106-65, Section 2821(a)(3)(B)(i) provides that the Secretary may transfer closing or realigning military installation property to an LRA without consideration for purposes of job generation on the installation. However, the law further provides that the proceeds from any sale, lease, or equivalent use of EDC property during the first 7 years after the date of the initial transfer of the property must be used to support the economic redevelopment, of or related to, the installation. The law also provides that the Secretary may recoup from the LRA such portion of these proceeds not used to support the economic redevelopment, of or related to, the installation. LRAs are subject to this same 7-year reinvestment requirement if their ECD agreement is modified to reduce the debt owed to the Federal Government.

2. Due the 7-year reinvestment requirements, all EDC agreements for property conveyed without consideration must require the LRA to submit to the Military Department an annual financial statement certified by an independent Certified Public Accountant (CPA). This statement should cover the LRA's use of proceeds from a sale, lease, or equivalent use of the EDC property. The agreement also must provide that the Military Department may recoup all proceeds that are not appropriately reinvested. Because of the unique economic redevelopment challenges faced by rural communities, the Military Departments are encouraged to ensure that the EDC conveyance does not burden rural recipients of property in a manner greater than under the Department's previous EDC authority. Therefore, for rural recipients, the Military Departments may modify the requirement for the annual financial statement and/or the requirement for the financial statement to be certified by an independent CPA.

3. Improved information technology may be used to the maximum extent possible. It is assumed that some of the respondents will choose to submit the required financial statements by e-mail to the Military Department.

4. There is no duplication of effort involved in this data collection. All LRAs exist as either State, county, or local government entities or public non-profit corporations that must be publicly accountable for their operations. It is assumed that as a public entity, the LRA already must meet annual audit requirements.

5. As noted above, the Military Departments are encouraged to ensure that the EDC conveyance does not burden rural recipients of property in a manner greater than under the Department's previous EDC authority. Therefore, for rural recipients, the Military Departments may modify the requirement for the annual financial statement and/or the requirement for the financial statement to be certified by an independent CPA. Small businesses are not eligible to received installation property through an EDC, thus are not subject to the collection requirement.
6. If this data collection does not occur, the Department of Defense will not be able to confirm that proceeds from the sale, lease, or equivalent use of EDC property are being reinvested to support economic development, of or related to, the installation. Without the data, the Department's ability to recoup funds in the event of noncompliance is jeopardized.
7. There are no special circumstances requiring the collection of information in a manner inconsistent with the guidelines in 5 CFR 1320.5(d)(2).
8. The Department of Defense published a 60-day request for public comment on the collection in the Federal Register on September 28, 2007 (72 FR 55179). No comments were received.
9. There will be no payments or gifts to the respondents.
10. Because of the financial nature of the information requested, confidentiality issues exist. The Military Department will not make the information available within the public realm.
11. The collection of sensitive information is only financial in nature.
12. Estimates of Hour Burden. For planning purposes, each respondent is expected to annually submit one financial statement certified by an independent CPA.

Requests for Annual Financial Statement

Number of Respondents	79
Total Number of Annual Responses per Respondent	1
Total Annual Responses	79
Total Hours per Response	40
Total Estimated Response Hours Burden	3,160

The total annual hour burden is estimated to be 3,160 hours.

Estimated Cost to Complete Annual Financial Statement

Total Hour per Response	40.00
Estimated Cost per Hour	\$312.50
Total Estimated Cost per Hour	\$12,500.00

The estimated annual cost burden to the respondent is \$12,500

The estimated annual cost burden to the 79 respondents is \$987,500.

13. There will no additional cost burden to respondents.

14. Estimate of Annual Cost to the Federal Government. It is estimated the Government will spend an average of 316 hours annually to received, review and process the annual financial statements. The receipt, review and processing of each statement is estimated at 4 hours. The estimated average cost of \$158.08 per financial statement is based on the current salary for a GS-12, Step 5 (\$79,068), plus a 26.1 percent overhead burden.

Estimated Cost Burden to the Federal Government

Total Annual Responses	79
Hours per Response	4
Total Annual Hours	316
Average Cost per Hour	39.52
Total Annual Cost Burden	\$12,488.32

15. This is an extension of a currently approved information collection.

16. Results of this collection will not be published.

17. The expiration date for OMB approval of the information collection may be displayed.

18. There are no exceptions to the certification statement.

B. COLLECTING OF INFORMATION EMPLOYING STATISTICAL METHODS

Results will not be tabulated. Statistical methods will not be employed.