

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Quarterly Summary of State and Local Tax Revenues
(Forms F-71, F-72, F-73)
OMB Control Number 0607-0112

Part A – Justification

1. Necessity of the Information Collection

The U.S. Census Bureau requests an extension of the current expiration date of the Quarterly Summary of State and Local Government Tax Revenues to ensure accurate collection of information about state and local government tax collections. These tax collections, amounting to nearly \$1.3 trillion annually, constitute approximately 47 percent of all governmental revenues. Quarterly measurement of, and reporting on, these massive fund flows provides valuable insight into trends in the national economy and that of individual states. Information collected on the type and quantity of taxes collected gives comparative data on how the various levels of government fund their public sector obligations.

Title 13, Section 182, of the United States Code authorizes the Secretary of Commerce to conduct this survey.

2. Needs and Uses

The Census Bureau uses the three forms covered by this statement to collect state and local government tax data for this long established data series. The Bureau of Economic Analysis, the Federal Reserve Board, the Department of Treasury, the Department of Housing and Urban Development and others rely on these data to provide the most current information on the financial status of state and local governments. These data are included in the quarterly estimates of National Income and Product Accounts developed by the Bureau of Economic Analysis, and the Department of Housing and Urban Development has used the property tax data as one of nine cost indicators for developing Section 8 rent adjustments. Legislators, policy makers, administrators, analysts, economists, and researchers use these data to monitor trends in public sector revenues. Journalists, teachers, and students use these data as well.

Tax collection data are used to measure economic activity for the Nation as a whole, as well as for comparison among the various states. These data are also useful in comparing the mix of taxes employed by individual states, and in determining the revenue raising capacity of different types of taxes in different state-areas.

Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to the information collections

conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

3. Use of Information Technology

Automated information collection techniques are used for the survey consisting of the option to report via the Internet. Respondents have the option of returning the forms or reporting current quarter data and revisions for up to seven prior quarters on the survey web sites. Approximately 37 percent of the respondents report using the web sites each quarter, which has a direct correlation on the reduction in keying workload done at the National Processing Center.

4. Efforts to Identify Duplication

The Census Bureau subscribes to publications of, and maintains contact with, professional associations in the field of public finance. Any duplication of effort would immediately become apparent through these contacts. No duplication has been identified. None of the suppliers of government data has indicated that our request duplicates other agencies' collection efforts.

5. Minimizing Burden

The Census Bureau uses a county-area sample methodology for the Quarterly Survey of Property Tax Collections (F-71) and canvasses governments who collect property taxes rather than those that impose and retain property taxes. This minimizes the burden on some smaller governments, as larger governments, such as a city or county, collect this tax on behalf of smaller governments.

We also consult with state officials to simplify their reporting. Where possible, we obtain published reports from the states, which we compile in a format similar to the mail canvass questionnaire. Some states issue monthly or quarterly reports detailing their tax revenues for the period; in those cases, the Census Bureau recasts such data into our format, making the reporting burden minimal.

6. Consequences of Less Frequent Collection

If this collection were discontinued, the Census Bureau could not supply the Bureau of Economic Analysis with data that are important to the construction and maintenance of several key tables in the National Income and Product Accounts. Less frequent collection would adversely impact the Bureau of Economic Analysis, the Federal Reserve Board, and other policy makers in determining the impact of trends on the national economy and individual states.

7. Special Circumstances

There are no special circumstances relating to this request.

8. Consultations Outside the Agency

Staff members consult frequently with data suppliers and users on the content, collection, methodology, and dissemination of our quarterly tax data. State government officials are consulted as part of the normal quality follow-up activity that is a regular part of this survey. Recent consultation has taken place with the following government officials and data users:

Mr. Bruce Baker
Chief, State and Local Government Branch
Government Division
Department of Commerce/BEA
(202) 606-9663

Mr. Donald Boyd
Senior Fellow, State and Local Government Finance
The Nelson A. Rockefeller Institute of Government
(518) 443-5284

Mr. Timothy Hartshorn
Bureau of Accounts
Dept. of Admin. Services
State of New Hampshire
(603) 271-8059

Mr. Patrick Ludeman
Financial Analyst
Administrative Division
Georgia Department of Revenue
(404) 417-2134

Mr. Bret Broderson
State Financial Senior Consultant
Office of Financial Management
State of Washington
(360) 664-7677

In May 2008, Census Bureau staff met with members of various user groups including, the Federation of Tax Administrators, the Multi-State Tax Commission, the D.C. Department of Finance, the Bureau of Economic Analysis, and the Rockefeller Institute of Government to discuss the relevancy of the quarterly tax data and possible improvements to the program. The group plans to reconvene in early 2009 to continue the discussion.

Local government officials are similarly contacted on a regular basis. Problems in meeting our data requests are discussed and resolved, however there are some governments that fail to provide data due to inadequate staffing or a general jurisdiction policy of not completing “voluntary” requests for data.

A notice inviting comment on plans to submit this request was published in the Federal Register on November 28, 2008 (73FR, pg. 72446). A letter of support was received from the Bureau of Economic Analysis on January 14, 2009. No other comments were received.

9. Paying Respondents

Respondents are not paid or provided with gifts.

10. Assurance of Confidentiality

Assurance of confidentiality is not required, as state and local tax collection data are matters of public record. Responses to the state and local tax collection survey is voluntary. Respondents are advised of the voluntary nature of the survey in a cover letter signed by the Director of the Census Bureau.

11. Justification for Sensitive Questions

The survey requests only data that are a matter of public record and, therefore, contain no questions of a sensitive nature.

12. Estimate of Hour Burden

The Census Bureau requests response to these forms quarterly. We base the estimated work hours per response on conversations with respondents and Census Bureau staff who complete forms from audit documents provided by respondents.

	<u>F-71</u>	<u>F-72</u>	<u>F-73</u>	<u>Total</u>
Number of respondents	6,946	51	111	7,108
Frequency of responses	4	4	4	4
Total responses annually	27,784	204	444	28,432
Estimated hours per response	.25	.50	.25	N/A
Estimated annual response hours	6,946	102	111	7,159

Form F-71 collects one item, the amount of property taxes collected during the quarter. Form F-72 collects up to 25 tax categories and form F-73 collects two tax categories and allows for an all other category.

The total annual cost to respondents is estimated to be \$162,151.35, based upon the following calculation:

Total estimated annual burden hours	7,159
Estimated cost per burden hour*	<u>\$22.65</u>
Total annual cost to respondents	\$162,151.35

The total annual cost to respondents includes a new sample for the F-71 survey to be collected concurrently with the old sample for four quarters. After four quarters the old sample will be dropped resulting in a decrease of approximately 1,377 respondents at a total cost of \$31,189.05 (1,377 x \$22.65). The remaining total annual cost to respondents at that time would be \$130,962.3 (\$162,151.35 - \$31,189.05).

*Estimated hourly cost is derived from the average hourly cost of employees in the financial administration function as shown in the 2006 Annual Survey of State and Local Government Employment.

13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of their time to respond. The information requested is of the type and scope normally carried in government records and no special hardware or accounting software or system is necessary to provide answers to this information collection. Therefore, respondents are not expected to incur any capital and start-up costs or system maintenance costs in responding. Further, purchasing of outside accounting or information collection services, if performed by the respondent, is part of usual and customary business practices and not specifically required for this information collection.

14. Cost to Federal Government

Costs for the project are included in the Census Bureau's budget for the Annual Survey of State and Local Government Finance. For Fiscal Year 2009, that project is estimated to cost approximately \$5.8 million.

15. Reason for Change in Burden

The increase in respondent burden is due to a bridge study resulting from the selection of a new sample for the F-71 form. The new sample will be collected concurrently with the old sample for four quarters, at which time the results of the bridge study will be published and the old sample will be discontinued. The new sample continuing forward will consist of 5,569 respondents of which 4,002 overlap on both samples.

16. Project Schedule

The project schedule for each calendar quarterly report is approximately 90 days from survey mail-out to public release of data on the internet. Forms are mailed during the first week after the reference period closes, processed during the subsequent 75 days following the mail-out and released within 80-90 days after the reference period. A typical schedule proceeds as follows:

<u>Action</u>	<u>Time Frame</u>
Survey Mail-out	January 2009
Data Collection	January – March 2009
Analytical Review	January – March 2009
Release	March 2009

17. Request to Not Display Expiration Date

The expiration date will be displayed on the forms.

18. Exceptions to the Certification

There are no exceptions to the certification.