

**Department of Transportation
National Highway Traffic Safety Administration**

SUPPORTING STATEMENT

**CONSUMER ASSISTANCE TO RECYCLE AND SAVE PROGRAM
DEALER AND BUYER TRANSACTIONS INFORMATION**

OMB CONTROL NUMBER: 2127-XXXX

JUSTIFICATION

1. Circumstances that make collection of information necessary. *Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.*

On June 24, 2009, the President signed into law the Consumer Assistance to Recycle and Save (CARS) Act of 2009 establishing within the National Highway Traffic Safety Administration (NHTSA) a program to be known as the Consumer Assistance to Recycle and Save (CARS) Program. The CARS Act authorizes NHTSA to issue an electronic voucher, subject to statutorily specified criteria, to offset the purchase price or lease price of a qualifying new fuel efficient vehicle upon the surrender of an eligible trade-in vehicle to a registered vehicle dealer. The surrendered trade-in is precluded from further use as a vehicle in the United States or in any other country.

The Act requires the Secretary of Transportation (through NHTSA) to promulgate final regulations to implement the Program not later than 30 days after the enactment date.

The request to collect information sent forth today is necessary to ensure that dealers and buyers participating in the CARS Program understand and follow the criteria for eligible trade-in vehicles, which vehicles are eligible for purchase, dealers and buyers' responsibilities under the Program and that legal consequences may result from providing false information about the transaction or providing false certifications. Each transaction covered by this collection of information involves two vehicles (one eligible used vehicle to be turned in, and one new vehicle to be purchased), one or more buyers, and one registered dealer.

There are two standard forms associated with this collection of information; one paper form, the NHTSA Form 1072 "Summary of Sale or Lease and Certifications" filled out by the dealer and the buyer, describing the vehicles that are being turned in and sold, and information about the buyer. This paper form includes certifications signed by both the dealer and the buyer.

The second form is electronic, the NHTSA Form 1071, and will be filled out by the dealer only.

NHTSA must collect sufficient information from all parties involved to ensure CARS Program objectives are realized while minimizing the fraud risk.

2. How, by whom, and for what purpose is the information used. *Indicate how, by whom, and for what purpose the information is to be used.*

The information collected will be used by NHTSA and the Department, its agents, and other government enforcement personnel to accomplish the statutory requirements of the CARS Act of 2009 and regulations implemented pursuant to the Act. The purpose of this collection is to ensure qualifying payments are made. Therefore, the information collected will be used to ensure that both the dealer and buyer understand the terms of their respective participation in the CARS program, and that legal consequences may result from providing false information or falsely certifying on the forms.

Pursuant to the statutory requirements, the trade-in's eligibility must be shown by confirming registration and insurance of the trade-in vehicle for a one-year period. Therefore, buyers must provide this evidence at the time of the transaction.

3. Extent of automated information collection. *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.*

The NHTSA Form 1071 is an electronic form, which will be filled out by dealers and sent to NHTSA. There is a paper form, NHTSA Form 1072, the "Summary of Sale or Lease and Certifications" that will be filled out by both the dealer and the buyer, with written certifications provided by both parties. The dealers will then put the NHTSA Form 1072 (paper form) into electronic format, and include it as an attachment when it sends the NHTSA Form 1071 to NHTSA.

In this way, the dealers are spared the expense of having to send the paper form to NHTSA via the mail or other physical delivery methods, and will receive payment under the CARS Program expeditiously.

4. Efforts to identify duplication. *Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose(s) described in 2 above.*

There is some duplicative information in the NHTSA Form 1071 (an electronic form) and the NHTSA Form 1072 "Summary of Sale or Lease and Certifications" (a paper form). The paper form is necessary because the buyer does not have access to the dealer's electronic network. The buyer must be able to read all the information to which he or she and the dealer are certifying, before they sign the certification statement. The buyer must

also be able to read the dealer's responsibilities, and the certification statement signed by the dealer.

It is the dealer's responsibility to send to NHTSA the electronic NHTSA Form 1071. There is some duplicative information to identify fundamental information about the sales transaction. Because this electronic form is the basis on which NHTSA will make payment to the dealer, NHTSA requires the dealer's certification on this form also. This information is necessary for review and audit purposes, and, if necessary, law enforcement purposes.

5. Efforts to minimize the burden on small businesses. ***If the collection of information has a significant impact on a substantial number of small businesses or other small entities (item 5 of OMB Form 83-1), describe the methods used to minimize burden.***

Many of the new vehicle dealers that will be participating in the Program would be considered small businesses. Some of the buyers turning in their vehicles may be small businesses. Consistent with our responsibility to ensure system security and prevent fraud, NHTSA is taking pains to ensure only the minimum amount of information necessary will be collected from small businesses. The use of electronic forms of information technology plays a key role in minimizing the collection of information burden on small dealers.

6. Impact of less frequent collection of information. ***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.***

This information will be collected once. The Act mandates NHTSA, in consultation with the Secretary of the Treasury and Inspector General of the Department of Transportation to "establish and provide for the enforcement of measures to prevent and penalize fraud under the program." (See Section 1301(a)(4) of CARS Act, P.L. 111-32.)

If this information were not collected, NHTSA would not be able to make qualified payments and would be able to detect fraudulent transactions that may occur in the CARS Program.

7. Special circumstances. ***Explain any special circumstances that require the collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2)(i)-(viii):***

NHTSA seeks authorization to require a record retention period of 5 years, to provide an adequate audit financial trail and to support criminal investigations.

8. Compliance with 5 CFR 1320.8. ***Describe the 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 the recordkeeping disclosure, or reporting format (if any) and on the data elements to be recorded, disclosed, or reported.***

NHTSA and the Department have met with industry stakeholders and other government officials to obtain their views concerning the availability of data from industry sources and to identify data elements and formats.

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

The purpose of the Program is to provide buyers with financial assistance to recycle their used vehicles by issuing payments to dealers to offset the purchase or lease price of a new fuel efficient vehicle. It is believed that many buyers and dealers will wish to participate in the Program to obtain a financial benefit. In order to participate in the program, both buyers and dealers must provide NHTSA with the requested information.

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

As part of the information collected, buyers will be required to provide drivers' license numbers. No assurances of confidentiality are provided

11. Justification for collection of sensitive information. *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.*

None of the information collected is considered to be of a sensitive nature.

12. Estimate of burden hours for information requested. *Provide estimates of the hour burden for the collection of information. The statements should: Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories*

It is important to note that all the information described below will be collected once. NHTSA estimates that there will be approximately 250,000 transactions (one trade in vehicle turned in for new vehicle) associated with this collection of information.

Number of Respondents:

Information from Dealers - NHTSA estimates that there will be total of 19,000 new vehicle dealers that will respond to the collection of information. As an industry, the dealers will be handling a total of 250,000 transactions.

Information from Buyers - There are approximately 250,000 buyers who will be turning in their trade-in vehicles and purchasing new vehicles. Each buyer may participate in only one transaction.

Estimated Burden on Respondents:

Dealers - NHTSA estimates that it will take each dealership 17 minutes to fill out and certify the paper form, NHTSA Form 1072, "Summary of Sale or Lease and Certifications" and 5 minutes to fill out the NHTSA Form 1071 (electronic form). This will be a total of 22 minutes for both forms.

Buyers – Each buyer will fill out and certify only the paper form, NHTSA Form 1072 "Summary of Sale or Lease and Certifications." Each buyer will also show proof of registration and insurance of the trade-in vehicle for a one-year period. NHTSA estimates that it will take each buyer 11 minutes to do so.

Estimated Total Burden:

Dealers - The estimated total annual burden to fill out and certify the forms is 250,000 transactions for all dealers at 22 minutes per dealer for a total of 5,500,000 minutes or 91,667 hours (5,500,000 divided by 60).

Buyers – The estimated total annual burden to fill out and certify the paper form is 250,000 transactions for all buyers at 11 minutes per transaction. This would be a total of 2,750,000 minutes or 45,833 hours (2,750,000 divided by 60).

Total Burden – 91,667 hours plus 45,833 hours results in a total of 137,500 burden hours associated with this collection of information.

13. Estimate of total annual costs to respondents. *Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.*

In its estimates, NHTSA assumes that the dealers already own the computer hardware and software necessary to fulfill this collection of information. None of the information to be collected involves statistics or complex analytical techniques or other methods that would involve sophisticated software.

Dealers' Costs - NHTSA assumes median hourly earnings of first-line supervisors/managers of retail sales workers in automobile dealers of \$34.98 (May 2006 \$32.98 adjusted for inflation to \$34.98). This data is from the U.S. Bureau of Labor Statistics. 91,667 burden hours times \$34.98 per hour equals \$2,931,500.

Buyers' Costs – NHTSA assumes it costs customers on average \$20.00 an hour to fill out the information and certify it. This would result in a total of \$916,660 (45,833 hours times \$20 per hour)

Total Costs - \$2,931,510 plus \$916,600 results in total costs of \$3,848,170 on all respondents.

14. Estimate of cost to the Federal government. *Provide estimates of annualized cost to the Federal Government.*

NHTSA's cost for this collection of information involves electronic record retention for a five year period. We estimate that this information can be stored on NHTSA's existing hardware, but are not certain how to separate out the costs of retaining the records of the 250,000 transactions for five years. We estimate the amount of storage space necessary to store these two forms is 8.5 gigabytes.

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

This collection of information is associated with a newly established Program.

16. Publication of results of data collection. *For collections of information whose results are planned to 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.*

NHTSA has no plans to publish the results of this collection of information.

17. Approval for not displaying the expiration date of OMB approval. *If seeking approval to not display the expiration date for OMB approval of the information collections, explain the reasons that display would be inappropriate.*

NHTSA does not seek approval to not display the expiration date for OMB approval for the collection of information.

18. Exceptions to certification statement. *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 to the certification statement.

ATTACHMENTS

1. NHTSA Form 1071 – "Transaction Form"
2. NHTSA Form 1072 - "Summary of Sales or Lease and Certifications"

