

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

**SUPPORTING STATEMENT**

**CONSUMER ASSISTANCE TO RECYCLE AND SAVE PROGRAM  
DISPOSAL FACILITY and SALVAGE AUCTION 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 trade-in vehicles surrendered by dealers are handled in a manner consistent with the CARS Act, and ultimately disposed of. Dealers would be transferring trade-in vehicles to salvage auctions or directly to disposal facilities. Salvage auctions will transfer the trade-in vehicles to disposal facilities. Disposal facilities must (with the exception of eligible spare parts taken from the trade-in vehicle) ensure that the trade-in vehicle is “crushed or shredded.”

This collection of information is necessary to be sure that each required transaction element is supported with documentation, a certification, or electronic verification.

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. In accordance with the Act, by requiring salvage auctions and disposal facilities to provide this information, NHTSA will ensure that the trade-in vehicles are disposed of as mandated in the CARS Act.

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.***

Although it will specify the information to be collected, NHTSA does not specify how each salvage auction or disposal facility will provide the specified information or retain records of the information (i.e., by automated means or by paper). Nothing in this request for clearance would preclude these entities from using automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. NHTSA has sought and will continue to seek automated means to reduce the collection burden, reduce errors, and increase efficiency.

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.***

To the fullest extent possible, NHTSA is using existing collections of information. Information about disposal facilities eligible to participate is already available at [www.elvsolutions.org](http://www.elvsolutions.org), a website created and maintained with the assistance of motor vehicle manufacturers. This website includes information for all fifty states, including the special requirements for the State of Maine. NHTSA will take this information and copy it onto [www.cars.gov](http://www.cars.gov), NHTSA's official website for information about the CARS Program. In this way, dealers and anyone else can access information about qualified disposal facilities for the CARS program.

The State of Maine has provided a list of licensed dismantlers in that state. We believe it took the State of Maine approximately five minutes to collect this information, as it was already available to them.

However, NHTSA does not have a list of salvage auctions that may be eligible to participate in the Program; this information is available only in the private sector. We believe dealers are already familiar with the salvage auctions available in their area, so there would be no need to specify each salvage auction in each area.

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.***

NHTSA will consider all of the salvage auctions and disposal facilities participating in the Program to 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 to establish the Program will be collected from small businesses.

**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.**

The CARS Act requires NHTSA to ensure that each trade-in vehicle will not be used again as an automobile in the United States or in any other country, and (with the exception of eligible spare parts) to ensure the vehicle will be “crushed or shredded.” We will collect one certification per vehicle from each disposal facility. And we estimate that in half of the transactions, dealers will choose to use a salvage auction. In those cases, the auctions will also complete a certification.

If this information is not collected, NHTSA will be unable to ensure that the trade-in vehicles are disposed of as specified in the CARS Act.

**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 to authorization to require a record retention period of five years in order to provide an adequate audit trail to support criminal and other 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 salvage auction and disposal facility industry stakeholders and with other government officials to obtain their views concerning the availability of data from industry sources and to identify data elements and formats.

The CARS Act provides for issuance of a final rule without a notice of proposed rulemaking. Therefore, public comments were not taken.

**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 consumers 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. The used vehicles must be disposed of properly to be sure that they are not resold in the United States or in any foreign country. Because they may sell eligible spare parts from the trade-in vehicles, it is believed that many salvage auctions and disposal facilities will wish to participate in the Program to obtain a financial benefit. In order to participate in the program, salvage auctions and disposal facilities must provide the requested information and certifications.

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

None of the information to be collected is of a confidential nature. Therefore, 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.***

In the collection of information at issue, no information of a sensitive nature will be collected.

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 and reported once.

#### **Number of Respondents:**

NHTSA estimates that there are 5,000 salvage auctions and disposal facilities that will be participating in the CARS program. However, because it is anticipated that there will be 250,000 used vehicles that will be turned in for the CARS Program, disposal facilities will handle a total of 250,000 transactions.

Salvage Auctions - NHTSA estimates that half the time, the dealers will make arrangements with salvage auctions to deal with the turned-in vehicles. This will be a total of 125,000 transactions (1/2 of 250,000).

Disposal Facilities – Ultimately, all turned-in vehicles must be turned in to disposal facilities. For this reason, NHTSA estimates that disposal facilities will deal with a total of 250,000 vehicles, resulting in 250,000 transactions.

#### **Estimated Burden on Respondents:**

Salvage Auctions – When handling a turned-in vehicle, the salvage auction must fill out NHTSA Form 1074 - “Salvage Auction Certification Form.” NHTSA estimates that it will take each salvage auction 5 minutes to fill out the form. NHTSA has already estimated that there will be 125,000 transactions handled by salvage auctions. Therefore, this collection of information will result in a burden of 625,000 minutes (125,000 transactions times 5 minutes) on salvage auctions or **10,416 hours**.

Disposal Facilities - When handling a turned-in vehicle, the disposal facility must fill out NHTSA Form 1075 - “Disposal Facility Certification Form.” NHTSA estimates that it will take each disposal facility 5 minutes to fill out this form. This is a total of 250,000 times 5 minutes to fill out the form or 1,250,000 minutes.

1,250,000 minutes divided by 60 equals **20,832 hours**.

**Estimated Total Burden:**

Total Burden – 10,416 (salvage auctions) hours plus 20,832 hours (disposal facilities) results in a total of **31,248 hours** (for salvage auctions and disposal facilities).

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 salvage auctions and disposal facilities already own the computer hardware and software necessary to fulfill this collection of information. This information may also be filled out by hand, on paper. None of the information to be collected involves statistics or complex analytical techniques or other methods that would involve sophisticated software.

Salvage Auctions’ Costs – NHTSA estimates that labor costs for each salvage auction would be comparable to 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. Therefore, 10,416 burden hours times \$34.98 per hour equals \$363,518.

Disposal Facilities’ Costs - NHTSA estimates that labor costs for each disposal facility would be comparable to 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. Therefore, 20, 832 burden hours times \$34.98 per hour equals \$728,703.

Total Costs - \$363,518 plus \$728,703 results in total costs of \$1,092,221 on all respondents.

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

The estimate of the cost to the Federal government is based on retaining the information on the “Disposal Facility Certification Form” and “Salvage Auction Certification Form.” Information about 250,000 transactions by disposal facilities and 125,000 transactions by salvage auctions will be retained. This is a total of 375,000 transactions at two pages per transaction, or a total of 750,000 pages.

It will cost NHTSA **\$15,000** to store this data for a year. For enforcement purposes, NHTSA intends to store this data for 5 years, for a total of **\$75,000**.

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.***

This collection of information will result in a list of disposal facilities that will participate in the CARS program. This list, when completed, will be published at [www.cars.gov](http://www.cars.gov). Since this information is collected for vehicle dealers that wish to know the disposal facilities to which the dealers may send trade-in vehicles, there are no plans for tabulation of the lists or any “complex analytical techniques” to be used. NHTSA would like to collect this list as soon as possible, and to make the list publicly available for the duration of the Program.

It is possible that for the duration of the Program, disposal facilities may be added or removed, depending on their business circumstances.

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 1073 - "Disposal Facility Certification Form"
2. NHTSA Form 1074 - "Salvage Auction Certification Form"
3. Consumer Assistance to Recycle and Save (CARS) Act (P.L. 111-32).