

**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: 2127-0660**

**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 (P.L. 111-32) establishing within the National Highway Traffic Safety Administration (NHTSA) a program to be known as the Consumer Assistance to Recycle and Save (CARS) Program. An initial \$1 billion was appropriated for the 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.

Regulations to implement the CARS Program were published on July 29, 2009 (74 FR 37878).

On July 23, 2009, OMB assigned OMB Clearance No. 2127-0660 to NHTSA's emergency request for clearance on: "Consumer Assistance to Recycle and Save Program – Dealer and Buyer Transaction Information."

An amendment to NHTSA's CARS Program regulation was published on August 5, 2009 (74 FR 38974).

On August 7, 2009, P.L. 111-47 was signed, appropriating an additional \$2 billion to the CARS Program.

**Summary of Clearance No. 2127-0660**

As you are aware, Clearance No. 2127-0660 was granted 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.

We received approval to use two standard forms associated with Clearance No. 2127-0660; 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 “Transaction Form,” and is filled out by the dealer only.

### **Request to Amend Clearance No. 2127-0660**

1. Tripling of Scope of CARS Program - As you are aware, on August 7, 2009, an additional \$2 billion was appropriated to the CARS Program. This action has resulted in tripling the number of burden hours associated with Collection No. 2127-0660. This request for amendment updates all the burden hours (and costs) associated with dealer and buyer transactions under the CARS Program.

2. Changes to NHTSA Form 1072 - We request approval to make the following changes in NHTSA Form 1072, “Summary of Sale or Lease and Certifications” affecting the dealers’ certifications:

We are asking for OMB approval to change the dealers’ certification regarding timing of when it disables the engine of the turned-in, used vehicle. The OMB-approved certification for dealers requires the dealer that receives an eligible trade-in vehicle to disable the engine prior to submitting an application for reimbursement and prior to transferring that vehicle to a disposal facility. In today’s submission, we are also asking for OMB approval to allow the dealer to certify that alternatively, it will store the trade-in vehicle at the dealership or property under the control of the dealership and disable the engine not more than seven calendar days after receiving electronic reimbursement for the CARS credit. This will relieve a hardship for dealers that may have accepted a used vehicle that is ultimately determined to be ineligible for the CARS Program. NHTSA believes there would be no additional burden hours for Clearance No. 2127-0660 associated with this alternative certification for the dealers.

We also ask for OMB approval to make the following editorial changes to terms used in NHTSA Form 1072, to make the Form consistent with the language used in NHTSA’s final rule of July 29, 2009, establishing the CARS Program: Removing the reference to “engine block” and replacing it with “engine”; removing the reference to “render inoperative” to “disable.” There would be no change in the burden hours associated with Clearance No. 2127-0660 as a result of these changes.

3. Documentation for Sales of New Vehicles Not Yet on Dealers' Lots - Some dealers are in the process of running out of new vehicles on their dealers' lots to sell under the CARS Program. To help such dealers continue to make sales under CARS, we have modified our procedures to allow the dealers to provide manufacturers/dealers' invoices (which confirms that the vehicle has been ordered from the manufacturer, which must include the Vehicle Identification Number of the new vehicle), in lieu of the manufacturers' statement of origin (MSO) or manufacturers' certification of origin (MCO) (which is not issued if the new vehicle has not yet been manufactured) as proof of a sale.

We estimate that 4,000 transactions will involve vehicles that are not already on dealers' lots. Providing these invoices as proof of a sale is a new collection of information. Because the dealers will be providing this new information in lieu of information they would otherwise provide, NHTSA believes there would be no change in the scope of this part of the collection of information.

When the new vehicle is delivered to the vehicle, and the buyer picks the vehicle up, the dealer will be required to submit to NHTSA, by e-mail to: [carsmco@dot.gov](mailto:carsmco@dot.gov), a copy of the MCO or MSO (or, in the case of certain sales in Michigan and California where no MCO or MSO is created, a copy of the invoice and an application for title and registration), and include the appropriate dealer invoice number in the e-mail subject line. This e-mail message to NHTSA is a new collection of information. NHTSA estimates it will take each dealer 90 seconds to scan the information into the computer and send the e-mail message.

If the amendments requested today are approved, NHTSA will be able to 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.

For dealers that wish to sell new vehicles that are not on the dealers’ lots, the notification to NHTSA after the new vehicle arrives at the dealership and is picked up by the buyer is electronic, by means of e-mail.

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 “Transaction Form” (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. In today’s request for clearance, if dealers are not allowed to collect manufacturers/dealers’ invoices in lieu of a new vehicle’s manufacturer’s statement of origin (MSO) or manufacturer’s certificate of origin (MCO), the dealer would not be able to sell new vehicles that have not yet been delivered to the dealers’ lot.

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. In its initial request for clearance, NHTSA estimated that there will be approximately 250,000 transactions (one trade in vehicle turned in for one new vehicle) associated with this collection of information. Sales information for the first \$1 billion appropriated to the CARS Program has shown that the actual number of transactions is closer to 225,000.

#### **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 675,000 transactions (for \$3 billion).

Information from Buyers - There are approximately 675,000 buyers (for \$3 billion) 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.

For those dealers that sell new vehicles that have not yet arrived at the dealers' lots at the time the sales transaction has been entered into, NHTSA estimates that it will take an

additional 90 seconds (1.5 minutes) for these dealers to send an e-mail message to NHTSA advising us when the new vehicle arrives at their lots and the buyers have come to pick them up. NHTSA estimates dealers will sell a total of 4,000 new vehicles under this procedure.

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 675,000 transactions for all dealers at 22 minutes per dealer for a total of 14,850,000 minutes or 247,500 hours (14,850,000 divided by 60). In addition, there will be 4,000 sales of vehicles that are not yet on the dealers’ lots at the time the sales transactions are entered into. At one and a half minutes per transaction (to send an e-mail message to NHTSA) when the vehicle arrives and the buyer picks the vehicle up, this will be an additional 6,000 minutes or 100 hours.

Therefore, the estimated total burden for dealers is **247,600 hours**.

Buyers – The estimated total annual burden to fill out and certify the paper form is 675,000 transactions for all buyers at 11 minutes per transaction. This would be a total of 7,425,000 minutes or **123,750 hours** (7,425,000 divided by 60).

Total Burden – 247,600 hours plus 123,750 hours results in a **total of 371,350 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. 247,600 burden hours times \$34.98 per hour equals \$8,661,048.

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 \$2,475,000 (123,750 hours times \$20 per hour)

Total Costs - \$8,661,048 plus \$2,475,000 results in total costs of \$11,136,048 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 675,000 transactions for five years. We estimate the amount of storage space necessary to store these two forms is 25 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.***

On August 7, 2009, an extra \$2 billion was appropriated to the CARS Program, tripling the scope of the original request (based on \$ 1 billion) to collect information about dealer and buyer transactions. Several adjustments to the dealer certifications on NHTSA Form 1072 have also been made to accommodate instances where the used vehicles turned into the CARS program are determined to be not eligible for the Program and to make terms used in the form consistent with the CARS Program Final Rule of July 29, 2009. New procedures would also allow dealers to make sales transactions of new vehicles that are not yet on their lots.

**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”
3. P.L. 111-32
4. P.L. 111-47
5. Federal Register notice of July 29, 2009 (74 FR 37878)
6. Federal Register notice of August 5, 2009 (74 FR 38974)