

SUPPORTING STATEMENT

A. JUSTIFICATION

1. Section 2905 of the Defense Base Closure and Realignment Act of 1990 (as amended) authorizes the Department of Defense (DoD) to transfer property to Local Redevelopment Authorities (LRAs) for consideration at or below estimated fair market value to spur economic redevelopment and job creation. This property conveyance authority is 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 an Economic Development Conveyance (EDC).

Section 2905(b)(4)(B) states 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 and implementing regulation (32 CFR Part 174.10) further provide the proceeds from any sale, lease, or equivalent use of EDC property during at least the first seven years after the date of the initial transfer of the property must be used to support economic redevelopment, of or related to, the installation. The law also provides the Secretary may recoup from the LRA those proceeds not used to support the economic redevelopment, of or related to, the installation.

2. Due to the seven-year reinvestment requirement, EDC agreements 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 EDC agreements must also provide for the Military Department to recoup all proceeds not appropriately reinvested.

3. Improved information technology may be used to the maximum extent possible. It is assumed 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 because all LRAs exist as either state, county, or local government entities or public non-profit corporations and are publicly accountable for their operations. The LRAs already meet annual audit requirements as public entities.

5. Small businesses are not eligible to receive installation property through an EDC, thus are not subject to the collection requirement.

6. If this data collection does not occur, DoD will not be able to confirm requirements of the law are met.

7. There are no special circumstances requiring the collection of information in a manner inconsistent with the guidelines in 5 CFR 1320.5(d).

8. The Department of Defense published a 60-day notice in the Federal Register on June 14, 2012 (77 FR 35661). No public comments were received.

9. There will be no payments or gifts to the respondents.

10. Confidentiality issues exist because of the financial nature of the information requested, and therefore the information will not be available to the public.

11. The collection of sensitive information is only financial in nature.

12. Estimates of Hour Burden: For planning purposes, each requester is expected to annually submit one financial statement certified by an independent CPA.

<u>Requests for Annual Financial Statement</u>	
Number of Respondents	40
Total Number Annual Responses per Respondent	1
Total Annual Responses	40
Total Hours per Response	40
Total Estimated Response Hours Burden	1600

The total annual hour burden is estimated to be 1,600 hours.

<u>Estimated Cost to Complete Annual Financial Statement</u>	
Total Hours per Response	40
Estimated Cost per Hour	\$377.00
Total Estimated Cost Per Respondent	\$15,080.00

The estimated annual cost burden per respondent is \$15,080.

13. There will be no additional cost burden to respondents.

14. Estimate of Annual Cost to Federal Government: It is estimated the Government will spend an average of 320 hours annually to receive, review, and process the annual financial statements. The receipt, review, and processing of each statement is estimated at eight hours. The estimated average cost of \$341.04 per financial statement is based on the current salary for a GS-12, Step 5 (\$70,319), plus a 26.1 percent overhead burden. The estimated cost is:

<u>Estimated Cost Burden to Federal Government</u>	
Total Annual Responses	40
Hours per Response	8
Total Annual Hours	320
Average Cost Per Hour	\$42.63
Total Annual Cost Burden	\$13,641.60

The estimated annual cost burden to the Federal Government is \$13,641.

15. This is a reinstatement of a previously approved information collection. The adjustments result from additional LRAs that have or will be granted EDCs.

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 will be no exceptions to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions."

B. COLLECTING OF INFORMATION EMPLOYING STATISTICAL METHODS

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