

SUPPORTING STATEMENT  
U.S. Department of Commerce  
U.S. Census Bureau  
Quarterly Summary of State and Local Government 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 a revision to the Quarterly Summary of State and Local Government Tax Revenues to ensure accurate collection of information about state and local government tax collections. The revision consists of a new survey universe and modifications to the collection instrument for the F-73 portion of the program. With the change in the survey universe and collection instruments, the F-73 component is being renamed to the Quarterly Survey of Selected Non-Property Taxes from the current Quarterly Survey of Non-Property Taxes.

State and local government tax collections, amounting to nearly \$1.4 trillion annually, constitute approximately 43 percent of all governmental revenues. Quarterly measurement of, and reporting on, these 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 data series established in 1962. Tax collection data are used to measure economic activity for the Nation as a whole, as well as for comparison among the states. These data are also used 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.

Key users of these data include the Bureau of Economic Analysis, the Federal Reserve Board, and the Department of Housing and Urban Development who 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 the 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.

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 surveys. Respondents have the option of returning the forms via mail or reporting current quarter data and revisions for up to seven prior quarters on the Internet. Approximately 35 percent of the respondents report using the Internet each quarter, which has a direct correlation with the reduction in keying workload at the Census Bureau's 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 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.

It is known that the Rockefeller Institute of Government collects preliminary quarterly tax data for some states. These data are not available at the same level of detail and are not standardized between states, making them unsuitable for cross-state and trend analysis needed by data users such as the BEA and Federal Reserve Board.

### 5. Minimizing Burden

The Census Bureau uses a county area sample methodology for the Quarterly Survey of Property Tax Collections 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 their property taxes are collected by larger governments such as a city or county.

The Census Bureau also consults with state officials to simplify their reporting. Where possible, we obtain published reports from the states that 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 classification making the reporting burden minimal for the states.

Cognitive testing (see attachment) was conducted on the new form (tested as the F-70 form) to ensure that small governments can accurately complete the form while minimizing respondent burden. The results of this testing informed the decision to reduce the number of taxes collected from 11 to three.

## 6. Consequences of Less Frequent Collection

The Quarterly Summary of State and Local Government Tax Revenues is the most timely indicator of the financial health of state and local governments collected by the Census Bureau. 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. For example, 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 on the monthly GDP estimates. The Federal Reserve Board meets every two months to determine monetary policy and less frequent collection would leave them without timely data on state and local tax revenue when setting policy.

Researchers, state officials, policy organizations, and others would also be negatively impacted by less frequent collection.

## 7. Special Circumstances

There are no special circumstances relating to this request.

## 8. Consultations Outside the Agency

Staff members consult frequently and informally with data suppliers and users. State government officials are consulted as part of the normal quality follow-up activity that is a regular part of this survey. Stakeholders are not consulted for the purpose of reaching consensus. The following government officials and data users were consulted regarding the plans to modify the survey:

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

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 April 23, 2013 (78FR pg 23903). A letter of support was received from the Bureau of Economic Analysis.

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 surveys are voluntary. Respondents are advised of the voluntary nature of the surveys in a cover letter signed by the Director of the Census Bureau.

11. Justification for Sensitive Questions

The surveys request 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 and information gathered during usability testing of the electronic reporting instrument.

	<u>F-71</u>	<u>F-72</u>	<u>F-73</u>	<u>Total</u>
Number of respondents	5,533	51	1,800	7,384
Frequency of responses	4	4	4	4
Total responses annually	22,132	204	7,200	29,536
Estimate hours per response	.25	.50	.33	N/A
Estimate annual response hours	5,533	102	2,376	8,011

Form F-71 collects one data item, the amount of property taxes collected during the quarter. Form F-72 collects up to 25 tax items and Form F-73 collects up to three tax items.

The total annual cost to respondents is estimated to be \$238,888.02, based upon the following calculation:

Total estimated annual burden hours	8,011
Estimated cost per burden hour*	<u>\$29.82</u>
Total annual cost to respondents	\$238,888.02

The total annual cost to respondents includes the current sample for the F-71, the F-72, and a new sample for the F-73. We estimate the F-73 sample contains 1,999 less respondents than the previous submission (from 3,799 to 1,800 respondents) and the form will take 20 minutes to complete as compared to 45 minutes in the current survey. This decrease translates to approximately 9,021 less annual burden hours, a savings of \$269,006.22 using the method above (9,021 hours x \$29.82).

\*Estimated hourly cost utilizes data from the Bureau of Labor Statistics May 2012 National Industry-Specific Occupational Employment and Wage Estimates. Estimate used is median hourly rate for a Budget Analyst in a State Government office.

### 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 U.S. Census Bureau's budget for the Survey of Government Finance. For Fiscal Year 2013, this project costs approximately \$877,000 out of a total finance budget of \$9.1 million.

### 15. Reason for Change in Burden

The decrease in respondent burden is due to the selection of a new sample for the F-73 survey and the reduction in the number of taxes collected. With the reduction in the questionnaire from 11 collected taxes to 3, the universe of local governments that impose the three taxes (general sales, personal income, and corporate income) is smaller than the universe of governments that impose the 11 collected taxes. This universe is being constructed. A stratified sample of about 1800 governmental units will be selected.

### 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	October 2013
Data Collection	October – December 2013
Analytical Review	October – December 2013
Release	December 2013

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.