

SUPPORTING STATEMENT

A. Justification

47 CFR Section 73.1942 requires broadcast licensees and 47 CFR Section 76.206 requires cable television systems to disclose any station practices offered to commercial advertisers that enhance the value of advertising spots and different classes of time (immediately preemptible,¹ preemptible with notice,² fixed,³ fire sale,⁴ and make good⁵). These rule sections also require licensees and cable TV systems to calculate the lowest unit charge.⁶ Broadcast stations and cable systems are also required to review their advertising records throughout the election period to determine whether compliance with these rule sections require that candidates receive rebates or credits.

47 CFR Section 76.1611 requires cable systems to disclose to candidates information about rates, terms, conditions and all value-enhancing discount privileges offered to commercial advertisers.

Section 315 of the Communications Act of 1934, as amended directs broadcast stations and cable operators to charge political candidates the "lowest unit charge of the station" for the same class and amount of time for the same period, during the 45 days preceding a primary or runoff election and the 60 days preceding a general or special election.

The Commission is requesting an extension of this information collection in order to receive the full three year OMB approval/clearance for this collection.

This information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Statutory authority for this collection of information is contained in Sections 154(i) and 315 of the Communications Act of 1934, as amended.

¹ "Immediately preemptible" is time that can be preempted without notice.

² "Preemptible with notice" means time which cannot be preempted without prior notice to the advertiser given by a specific time, for example, one week before airing.

³ "Fixed time" connotes the guarantee of placement during a particular time (e.g., 6:45am on Saturday, January 21, 2005).

⁴ "Fire sale" means the sale of a station's available inventory at the last minute.

⁵ "Make good" means a spot announcements rescheduled as a result of technical difficulty or preemption.

⁶ The lowest unit charge is the rate the station charges its most favored commercial advertiser for the same class and amount of time during the same time period.

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2. The disclosures required in 47 CFR Sections 73.1942, 76.206 and 76.1611 are to ensure that candidates receive the same lowest unit charge as other advertisers. These disclosure requirements also serve to ensure that broadcast licensees and cable system operators provide timely, accurate, and complete information on rates and sales practices to legally qualified candidates for public office.
3. We do not believe the use of information technology is feasible in this situation due to these disclosure requirements contained in this information collection.
4. This agency does not impose a similar information collection on the respondents. There are no similar data available.
5. This collection may have a significant impact on a substantial number of small entities/businesses. In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents. However, this collection is a statutory requirement contained in Section 315 of the Communications Act of 1934, as amended.
6. If this information collection were not conducted by the Commission, legally qualified candidates running for public office would not be aware of, and not be able to take advantage of, the same advertising rates and sales practices available to commercial advertisers.
7. There are no special circumstances associated with this information collection.
8. The Commission published a Notice (79 FR 30138) in the *Federal Register* on May 27, 2014 seeking comments from the public on the information collection requirements contained in this supporting statement. No comments were received from the public.
9. There will be no payment or gifts given to respondents.
10. There is no need for confidentiality with this collection of information.
11. This information collection does not address any private matters of a sensitive nature.

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12. The following is estimated for public burden:

<u>Rule Sections</u>	<u>Number of Respondents</u>	<u>Number of Disclosures/ reviews/records</u>	<u>Hrly. Burden</u>	<u>Burden Hours</u>	<u>Hrly. Wage</u>	<u>In-house Cost</u>
Section 73.1942 4,940,000	15,200	25 disclosures	0.5 hrs.	190,000	\$26	\$
	15,200	2 calculations ⁷	20 hrs.	608,000 hrs.	\$26	
\$15,808,000						
	15,200	2 record reviews	2 hrs.	60,800 hrs.	\$26	\$
1,580,000						
Section 76.206 & 212,490	2,361	10 disclosures	0.5 hrs.	11,805 hrs.	\$18	\$
Section 76.1611 849,960	2,361	2 calculations ⁸	10 hrs.	47,220 hrs.	\$18	\$
	2,361	2 record reviews	2 hrs.	<u>9,444 hrs.</u>	\$18	<u>\$</u>
<u>169,992</u>						
TOTALS:				927,269 hrs.		
\$23,560,442						

Total Number of Annual Respondents: 15,200 commercial broadcast stations
2,361 cable systems
17,561 (respondents)

Total Number of Annual Responses:

Section 73.1942 – 15,200 commercial broadcast stations
x 25 disclosures/station
380,000 disclosures

Sections 76.206 and 76.1611 – 2,361 cable systems
x 10 disclosures/system
23,610 disclosures

⁷ Each commercial broadcast station will calculate the lowest unit charge semi-annually (2 times/year).

⁸ Cable systems will calculate its lowest unit charge semi-annually (2 times/year).

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380,000 disclosures + 23,610 disclosures = **403,610 disclosures (responses)**

Total Annual Burden Hours: 927,269 hours

Total Annual "In-house" Cost: \$23,560,442

The total annual burden hours were arrived based on the following data:

*For **Section 73.1942**, we estimate that there are 15,200 commercial broadcast stations.

*We estimate that each commercial broadcast station will make 25 disclosures of the lowest unit charge to candidates annually. The average burden on licensee is 0.5 hours per disclosure.

*We also estimate that each commercial broadcast station will calculate the lowest unit charge semi-annually (2 times annually) with an average burden of 20 hours per station.

*Additionally, we estimate that each commercial broadcast station will review their records an average of 2 times throughout the election period with an average burden of 2 hours per review.

*We assume that the general manager/sales person of the broadcast station would disclose the lowest unit charge to candidates, would calculate the lowest unit charge semi-annually, and review a station's records two times throughout the election period. We estimate that this general manager/sales person would have an average salary of \$26 hour.

* For **Sections 76.206 and 76.1611**, there are approximately 4,721 cable systems in the nation. We estimate that in any given year, candidates for public office will be seeking origination cablecasts from approximately half of these systems (2,361). We estimate that these cable systems will be required to make the various advertising rate disclosures set forth in 47 CFR Sections 76.206 and 47 CFR Section 76.1611 to an average of 10 candidates (10 disclosures). The average burden on systems to disclose this information is estimated to be 0.5 hours per candidate.

*Systems are also required to periodically review their advertising records throughout the election period to determine whether compliance with Section 76.206 requires that candidates receive rebates or credits. We estimate that cable systems will review their records an average of two (2) times throughout the election period, undergoing a burden of two (2) hours per review.

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*We estimate that each cable system will calculate its lowest unit charge semi-annually with an average burden of 10 hours per system.

*We estimate an average hourly wage of \$18.00 per hour for individuals tasked with the requirements for disclosure, lowest unit charge calculation, and record review.

These estimates are based on Commission staff's knowledge and familiarity with the availability of the data required

13. Annual Cost Burden:

- (a) Total annualized capital/startup costs: None
- (b) Total annual costs (O&M): None
- (c) Total annualized cost requested: None

14. There is no cost to the Federal Government.

15. There are no program changes to this collection. There are adjustments/decreases to the information collection as follows: 550 to the number of respondents, 8,500 to the annual number of responses and 21,450 to the annual burden hours. These adjustments/decreases are due to less number of respondents to this information collection.

16. These data will not be published for statistical use.

17. We will display the expiration date for OMB approval of this information collection.

18. There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods:

This information collection does not employ any statistical methods.