

**SUPPORTING STATEMENT
FOR INFORMATION COLLECTION SUBMISSION
9000-0059, NORTH CAROLINA SALES TAX CERTIFICATION**

A. Justification.

1. **Administrative requirements.** The North Carolina Sales and Use Tax Act authorizes counties and incorporated cities and towns, to obtain each year from the Commissioner of Revenue of the State of North Carolina, a refund of sales and use taxes indirectly paid on building materials, supplies, fixtures, and equipment that become a part of or are annexed to any building or structure in North Carolina. However, to substantiate a refund claim for sales or use taxes paid on purchases of building materials, supplies, fixtures, or equipment by a contractor, the Government must secure from the contractor certified statements setting forth the cost of the property purchased from each vendor and the amount of sales or use taxes paid. Similar certified statements by subcontractors must be obtained by the general contractor and furnished to the Government. The clause at FAR 52.229-2, North Carolina and Local Sales and Use Tax, is used in solicitations and contracts for construction or vessel repair to be performed in North Carolina.
2. **Uses of information.** The information is used as evidence to establish exemption from State and local taxes.
3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically.
4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.
5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.
6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Collection of information on a yearly basis is required to obtain a refund under the North Carolina Sales and Use Tax Act. The Government must file the application for refund each year before March 31.
7. **Special circumstances for collection.** Collection is consistent with guidelines in 5 CFR 1320.6.
8. **Efforts to consult with persons outside the agency.** A 60-day notice was published in the *Federal Register* at 80 FR 58254, on September 28, 2015. No comments were received. A 30-day notice was published in the *Federal Register* at 80 FR 1424 on January 12, 2016.

9. **Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.** Not applicable.

10. **Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. **Additional justification for questions of a sensitive nature.** No sensitive questions are involved.

12 & 13. **Estimated total annual public hour and cost burden.** Time required to prepare information is estimated at 75 minutes per completion. Estimated cost per response is \$70.76.

Estimated respondents/yr	314
Responses annually	1
Total annual responses	314
Estimated hrs/response	1.25
Estimated total burden/hrs	392
Cost per hour	\$56.70
Estimated cost to public	\$22,219.31

14. **Estimated cost to the Government.** Time required for Governmentwide review is estimated at 15 minutes per response.

Reviewing time/hr	0.25
Responses/yr	314
Review time/yr	78
Average wages/hr	\$56.70
Estimated cost to Government	\$4,443.86

The average hourly wage is based on OMB Circular A-76 guidance for quantifying the cost of efforts: (1) the complexity level was deemed to be at the GS-12/5 level, so the fiscal year 2015 hourly rate was applied to the estimated hours; and (2) a 36.25% fringe and overhead burden was added to the hourly rate.

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** This submission requests an extension of OMB approval of an information collection requirement in the FAR. The information collection requirement in the FAR remains unchanged. However, the number of contractors doing Federal construction work in the state of North Carolina was estimated by generating a Federal Procurement Data System report for the most recent calendar year for which data were available, and the total number was 209. Assuming that for every two contractors, there is one subcontractor, the total number of entities with this reporting requirement increases to 314. Additionally, the time required to compile and report North Carolina sales tax annually for each entity was re-estimated to be 1 hour and 15 minutes; this is due to the increasing complexity with which sales transactions are documented. Accordingly, the total estimated cost to the public has increased.

16. **Outline plans for published results of information collections.** Results will not be tabulated or published.

17. **Approval not to display expiration date.** Not applicable.

18. **Explanation of exception to certification statement.** Not applicable.

B. Collections of Information Employing Statistical Methods. Statistical methods are not used in this information collection.