

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Quarterly Summary of State and Local Government Tax Revenues
(Electronic data collection instruments F-71, F-72, and F-73)
OMB Control Number 0607-0112

Part A – Justification

1. Necessity of the Information Collection

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.

The Census Bureau conducts the Quarterly Summary of State & Local Government Tax Revenues (Q-Tax Survey) to provide quarterly estimates of state and local government tax revenue at a national level, as well as detailed tax revenue data for individual states. It serves as a timely source of tax data for many data users and policy makers and is the most current information available on a nationwide basis for government tax collections. There are three components to the Q-Tax Survey. The first component is the Quarterly Survey of Property Tax Collections (F-71), which collects property tax data from local governments. The second component is the Quarterly Survey of State Tax Collections (F-72), which collects data comprised of 25 different tax categories for all 50 states. The third component is the Quarterly Survey of Selected Non-Property Taxes (F-73), which collects local tax revenue data for three taxes: sales and gross receipts taxes, individual income taxes, and corporation net income taxes.

The Census Bureau requests a change from paper forms to all-electronic data collection methods for the Q-Tax Survey. The Quarterly Survey of Property Tax Collections (F-71) and Quarterly Survey of Selected Non-Property Taxes (F-73) components will be collected electronically via Centurion, the Census Bureau's primary online reporting system. For the Quarterly Survey of State Tax Collections (F-72) component, respondents will be emailed a spreadsheet to fill out and return electronically.

Title 13, Sections 161 and 182, of the United States Code authorizes the Secretary of Commerce to conduct this survey.

2. Needs and Uses

The Census Bureau conducts the three components of the Q-Tax Survey 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 states.

Key users of these data include the Bureau of Economic Analysis (BEA), the Federal Reserve Board (FRB), and the Department of Housing and Urban Development (HUD) 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 BEA. HUD 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 for their research purposes.

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 data collection techniques are being used for these surveys. Respondents to the Quarterly Survey of Property Tax Collections (F71) and Quarterly Survey of Selected Non-Property Taxes (F-73) are directed to report their data electronically via the Centurion instrument. Centurion is an electronic collection instrument that allows respondents the option of saving and printing their responses to the Internet-based questionnaire. The all-electronic data collection method has a direct correlation with the reduction in keying workload at the Census Bureau's National Processing Center. Respondents will be able to do online edits, view prefilled data from previous quarters, and they will have the ability to save data in multiple online sessions. Respondents to the Quarterly Survey of State Tax Collections (F-72) are emailed requests with a fillable spreadsheet to complete and email back.

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 have indicated that our request duplicates other agencies' collection efforts.

The Rockefeller Institute of Government does collect preliminary quarterly tax data for some states. However, 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 FRB.

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 is moving to all-electronic data collection for all three components of the Q-Tax Survey to provide a more efficient and less time-consuming method of collection. The web-based Centurion system and the emailed fillable spreadsheets should allow for greater ease in reporting.

The Census Bureau also consults with state officials to simplify their reporting. Where possible, we obtain published reports from the states that we use to compile the data requested. 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 those states.

6. Consequences of Less Frequent Collection

The Q-Tax Survey 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 BEA, FRB, 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 BEA with data that are important to the construction and maintenance of several key tables in the National Income and Product Accounts in the monthly Gross Domestic Product estimates. The FRB 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, because their ability to provide reports and influence policy decisions in a timely manner would be hindered or delayed.

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 change to all-electronic data collection methods:

Mr. Jeffrey Barnett
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.

A notice inviting comment on plans to submit this request was published in the Federal Register on March 24, 2016 (81FR pg 15680-81). No public comments were received except the letter in support that was received from BEA.

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 the initial letter or email requesting their response.

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 responses 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.

	F-71	F-72	F-73	Total
Number of respondents	5,500	51	1,800	7,351
Frequency of responses	4	4	4	4
Total responses annually	22,000	204	7,200	29,404
Estimate hours per response	.25	.50	.33	N/A
Estimate annual response hours	5,500	102	2,376	7978

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

The figures presented here are a refinement of those included in the Federal Register notice dated March 24, 2016 because the sample size was adjusted downward due to fewer reporters in the universe.

The total annual cost to respondents is estimated to be \$274,602.76, based upon the following calculation:

Total estimated annual burden hours	7978
Estimated cost per burden hour*	\$34.42
Total annual cost to respondents	\$274,602.76

* Bureau of Labor Statistics May 2015 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 Years 2016, 2017 and 2018 this project costs approximately \$775,000 out of a total finance budget of \$8.0 million per fiscal year. Included in these costs are activities such as data collection, processing, review of tabulated data, publication, equipment, overhead, printing, and support staff.

15. Reason for Change in Burden

The sample size for the F-71 component was adjusted downward by 33 units due to fewer reporters in the universe, but the burden per respondent is not changing since the questions remain the same.

16. Project Schedule

The project schedule for each quarterly report lasts approximately 90 days from survey mail-out to public release of data on the Internet. Request letters or emails 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 follows:

Action	Time Frame
Survey Mail-out	October 2016
Data Collection	October – December 2016
Analytical Review	October – December 2016
Release	December 2016

17. Request to Not Display Expiration Date

The expiration date will be displayed in the upper right hand corner on the login screens of the collection instrument for both F-71 and F-73. For F-72, the expiration date as well as the OMB number will be displayed in the upper right hand corner of the excel templates that we send to respondents.

18. Exceptions to the Certification

There are no exceptions to the certification.