

**Department of Commerce
U.S. Census Bureau
OMB Information Collection Request
Annual Wholesale Trade Survey
OMB Control No. 0607-0195**

PART A. JUSTIFICATION

1. Necessity of Information Collection

The Annual Wholesale Trade Survey (AWTS) covers employer firms with establishments located in the United States and classified in wholesale trade as defined by the North American Industry Classification System (NAICS). This sector annually publishes two main categories for wholesalers: (1) merchant wholesalers that sell goods on their own account (including sales offices and sales branches, except retail stores, maintained by manufacturing, refining, or mining enterprises apart from their plants or mines for the purpose of marketing their products) and (2) electronic markets, agents, and brokers that arrange sales for purchases for others generally for a commission or fee.

Respondents are separated into three type of operation classifications: (1) merchant wholesale establishments, excluding manufacturers' sales branches and offices; (2) manufacturers' sales branches and offices; and (3) agents, brokers, and business-to-business electronic markets. The survey requests firms to provide annual sales, annual e-commerce sales, year-end inventories held inside or outside of the United States, total operating expenses, purchases, and for selected industries, commissions, and sales on their own account. These data are used to satisfy a variety of public and business needs such as economic market analysis, company performance, and forecasting future demands as well as to serve as a benchmark for the estimates compiled from the Monthly Wholesale Trade Survey [OMB No. 0607-0190].

A new sample was introduced with the 2016 AWTS. Approximately 73% of the sample asked to report will be doing so for the first time (and, consequently, approximately 73% of the old sample will no longer be asked to report). For the 2016 AWTS the Census Bureau requested two years of data, 2016 and 2015, in order to link old and new samples and ensure that the published estimates continue to be reliable and accurate. Every 5 years AWTS collects detailed operating expenses and sales tax. These items were last collected in 2013 for the 2012 survey year. The plan is to reinstate these questions in 2018 as part of the 2017 AWTS data collection. These detailed expense questions are only applicable to the merchant wholesale establishments, excluding manufacturers' sales branches and offices.

Results will be published on the current 2012 NAICS basis, by type of wholesaler, at the United States summary level, for selected wholesale industries approximately fourteen months after the end of the reference year

The Census Bureau conducts this survey under the authority of an Act of Congress, Title 13, United States Code, Sections 131 and 182. Sections 224 and 225 make this survey mandatory.

2. Needs and Uses

The Bureau of Economic Analysis (BEA) uses the data to estimate the change in the private inventories component of gross domestic product (GDP) and output in both the benchmark and annual input-output (I-O) accounts and GDP by industry. The tax data are used to prepare estimates of GDP by industry and to derive industry output for the I-O accounts. The data on detailed operating expenses are used to produce national estimates of value added, gross output, and intermediate inputs and serve as a benchmark for the annual industry accounts, which provide the control totals for the GDP-by-state accounts.

The Bureau of Labor Statistics uses the data as input to its Producer Price Indices and in developing productivity measurements. Private businesses use the estimates in computing business activity indexes.

Other government agencies and businesses use the data to satisfy a variety of public and business needs such as economic market analysis, company performance, and forecasting future demands.

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

The Annual Wholesale Trade Survey requires respondents to return their data via the Ecorr Respondent Portal using the Census Bureau's online reporting system (Centurion). The Centurion system is secure and flexible for users. It allows respondents to complete and file in one session or to save and return over multiple sessions.

The initial letter to respondents identifies the requesting survey name, the authority for collection, and helpful resources for assistance. Instructions on the initial and follow-up mailings direct respondents to go online to the Census Bureau's Respondent Portal at portal.census.gov. Users will register an account or log in to an existing account. The Respondent Portal allows users to add and view all current Census Bureau surveys assigned to them. Respondents can report online, view their filing status, and request extensions.

Once logged in to the Centurion system, PDF worksheets are available to respondents for compiling their data before reporting online. Respondents are asked to make note of any special instructions listed either on the main menu or on their worksheet.

A telephone follow-up is scheduled for non-respondents. This, as well as nightly loading of electronic responses, allows for a timelier identification of completed questionnaires and fewer follow-up calls to respondents.

The option for respondents to contact an analyst and continue providing data by phone is still accepted.

Internet Response for Filing Report(s)

2012	2013	2014	2015	2016 ¹
67.7%	90.9%	98.5%	98.7%	99.4%

¹As of 8/14/17

4. **Efforts to Identify Duplication**

Research with other governmental agencies, trade associations, and data users (both government and private sector) via telephone conversations, meetings, trade journal articles, and written correspondence indicates these data are not available from other sources on an ongoing basis.

Monthly sales and inventories data are collected in the Monthly Wholesale Trade Survey [OMB No. 0607-0190]. The monthly survey is voluntary and requests sales and end-of-month inventories data from a smaller sample of establishments. The mandatory annual program collects more detailed items, and is intended to serve as a benchmark for the monthly sales and end-of-month inventories estimates. The annual program is also intended to provide estimates on wholesale trade in the intervening years between the Economic Census years.

5. **Minimizing Burden**

The Census Bureau attempts to minimize burden by using a stratified random sample design, which uses the least number of sampling units required to produce national level estimates with the desired level of reliability. Data are collected from the largest firms and from a sample of small- and medium-sized firms. The effective sampling rate for the small- and medium-sized firms is approximately 2% of the universe.

6. **Consequences of Less Frequent Data Collection**

Less frequent data collection of the annual estimates would result in less accurate monthly sales and end-of-month inventories estimates because the monthly estimates are benchmarked to the annual estimates. Additionally, the GDP would be less accurate due to the loss of annual estimates from the AWTS.

7. Special Circumstances

There are no special circumstances.

8. Consultations Outside the Agency

The Census Bureau issued a pre-submission notice published in the Federal Register dated July 13, 2017 located in Vol. 82, No. 133 on page 32325. In response to the notice, we received a letter of support from the Bureau of Economic Analysis (see attachment 1). We thank the BEA for their continued support of this collection.

9. Paying Respondents

We do not provide any payment or gift to respondents.

10. Assurance of Confidentiality

The following assurance of confidentiality is conveyed to the respondent via the initial letter (Attachment 2), the Welcome Screen in the electronic reporting instrument (Attachment 3), as well as on the respondent worksheets (Attachment 4). The initial and follow-up letters also inform the respondent that this survey is required by law.

Title 13 United States Code, Sections 131 and 182, authorizes this collection. Sections 224 and 225 require your response. The U.S. Census Bureau is required by Section 9 of the same law to keep your information confidential and can use your responses only to produce statistics. The Census Bureau is not permitted to publicly release your responses in a way that could identify your business, organization, or institution. Per the Federal Cybersecurity Enhancement Act of 2015, your data are protected from cybersecurity risks through screening of the systems that transmit your data.

In addition, all respondents' Federal Tax Information (FTI) is protected under the authority of an Act of Congress, Title 26, United States Code (U.S.C.). Specifically, 26 U.S.C. section 6103 (j) (1) provides for the disclosure of FTI to the Census Bureau for statistical purposes in the structuring of censuses and national economic accounts, as well as for conducting related statistical activities authorized by law. Section 6103 (p) (4) places specific requirements on the Census Bureau and other agencies to which IRS has disclosed data regarding the safeguarding of returns and return information.

11. Justification for Sensitive Questions

The AWTS does not contain questions of a sensitive nature

12. Estimate of Hour Burden

The estimated respondent burden will vary drastically for 2017 as compared to the 2018 and 2019 survey years due to the Business Expenses and tax questions on the 2017 report (which is requested once every 5 years). For 2018 and 2019, the burden hours will significantly decrease as we will not be asking the additional expense questions. Another caveat about the estimated respondent burden is that the hour burden will also change based on the quarterly birth/death process (see “Sample Maintenance” in Part B, Section 1). It will also decline due to not canvassing companies that are out-of-scope or merged with other firms. Even though past samples have shown that the mail count declines each year, we are using the initial mail count for all 3 years.

There are an estimated 8,900 number of respondents. The estimated time to complete each form varies and translates into a total estimated annual burden of 24,061 hours for 2017 and 4,597 hours for 2018 and 2019 each. Our estimates for average burden per response are based on cognitive testing of the questionnaire with a sample of potential respondents. The estimated total annual cost to respondents is approximately \$788,238 for 2017 and \$150,598 for 2018 and 2019 each. This is based on the estimated total response burden hours for each respective year at approximately \$32.76 per hour (according to the median hourly salary for accountants and auditors; Occupational Employment Statistics - Bureau of Labor Statistics May 2016, Occupational Employment and Wage Estimates; \$32.76 represents the median hourly wage of the full-time wage salary earnings of accountants and auditors SOC code 13-2011).

<http://stats.bls.gov/oes/2016/may/oes132011.htm>

<u>2017 Forms</u>	<u>Mail</u>	<u>Hours</u>	<u>Burden</u>	<u>Cost</u>
SA-42	4,109	3.20	13,149 Hrs.	\$430,761
SA-42A	3,100	3.25	10,075 Hrs.	\$330,057
SA-42A (MSBO)	1,068	0.55	587 Hrs.	\$19,230
SA-42(AGBR)	449	0.40	180 Hrs.	\$5,897
SA-42A (AGBR)	<u>174</u>	0.40	<u>70 Hrs.</u>	<u>\$2,293</u>
Total	8,900		24,061 Hrs.	\$788,238

The total burden hours for 2017 are 24,061 with a total cost of \$788,238. Survey years-2017 will be significantly higher due to the collection of Business Expense and tax questions on the SA-42 and SA-42A forms.

<u>2018-2019 Forms</u>	<u>Mail</u>	<u>Hours</u>	<u>Burden</u>	<u>Cost</u>
SA-42	4,109	0.50	2,055 Hrs.	\$67,322
SA-42A	3,100	0.55	1,705 Hrs.	\$55,856
SA-42A (MSBO)	1,068	0.55	587 Hrs.	\$19,230
SA-42(AGBR)	449	0.40	180 Hrs.	\$5,897
SA-42A (AGBR)	<u>174</u>	0.40	<u>70 Hrs.</u>	<u>\$2,293</u>
Total	8,900		4,597 Hrs.	\$150,598

The total burden hours for 2018 and 2019 individually are 4,597 with a total cost of \$150,598.

The three year average for burden hours is 11,085 hours. The three year average cost is \$363,145.

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 company 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. Furthermore, 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

The total cost to the Federal Government for the AWTS in fiscal year 2018 is expected to be \$1.8 million all borne by the Census Bureau. This includes costs for data collection, processing, review of tabulated data, publication, equipment, overhead, and support staff. The total cost per year is expected to remain the same for the remainder of this authorized collection.

15. Reason for Change in Burden

The burden hour estimate is 7,422 hours more than the average of the three years for the previously approved AWTS. This increase is due to the detailed operating expense questions for the 2017 survey year which increases burden time significantly for that year.

16. Project Schedule

Initial letters are mailed to respondents approximately ten weeks after the reference year has ended. The initial mail-out begins mid-March. At least 30 business days are provided for companies to complete the survey online, with the initial due date being April 24th. Telephone follow-up occurs throughout the year until an appropriate response level is achieved. Data are tabulated at the two, three, four, and selected five-digit NAICS levels. Summary data are analyzed to ensure the estimates are consistent with other economic series and meet publication standards. The Census Bureau publishes estimates annually approximately fourteen months after the end of the reference year.

17. Request to Not Display Expiration Date

We wish to continue to display the expiration date within the online collection system (Centurion).

18. Exceptions to the Certification

There are no exceptions to the certification statement.

19. NAICS Codes Affected

The following are the four-digit NAICS codes for the wholesalers affected by this information collection.

NAICS	KIND OF BUSINESS
4231	Motor Vehicles and Motor Vehicle Parts and Supplies
4232	Furniture and Home Furnishings
4233	Lumber and Other Construction Materials
4234	Professional and Commercial Equipment and Supplies
4235	Metals and Minerals, Except Petroleum
4236	Electrical and Electronic Goods
4237	Hardware, and Plumbing and Heating Equipment and Supplies
4238	Machinery, Equipment and Supplies
4239	Miscellaneous Durable Goods
4241	Paper and Paper Products
4242	Drugs and Druggists' Sundries
4243	Apparel, Piece Goods, and Notions
4244	Groceries and Related Products
4245	Farm Product Raw Materials
4246	Chemical and Allied Products
4247	Petroleum and Petroleum Products
4248	Beer, Wine and Distilled Alcoholic Beverages
4249	Miscellaneous Nondurable Goods
4251	Wholesale Electronic Markets and Agents and Brokers