

**Department of Commerce  
U.S. Census Bureau  
OMB Information Collection Request  
Annual Retail Trade Survey  
OMB Control No. 0607-0013**

**PART A. JUSTIFICATION**

**1. Necessity of Information Collection**

The Annual Retail Trade Survey (ARTS) covers employer firms with establishments located in the United States and classified in the retail trade sector as defined by the North American Industry Classification System (NAICS). The survey requests firms to provide annual sales, sales tax, e-commerce sales, year-end inventories held inside and outside the United States, total operating expenses, purchases, and accounts receivable. Also requested, for selected industries are, sales and e-commerce sales by merchandise line.

The data collected in the ARTS provide a current statistical picture of the retail portion of consumer activity. These data are collected to provide a sound statistical basis for the formation of policy by various government agencies, as well as to serve as a benchmark for the estimates compiled from the Monthly Retail Trade Survey. Results will be made available, at the United States summary level, for selected retail trade industries approximately fifteen months after the end of the reference year.

Every 5 years, ARTS requests data on detailed operating expenses. During the 2017 survey year that will occur in 2018, ARTS will collect these detailed operating expenses. The last time ARTS collected detailed operating expenses was in 2013 for the 2012 survey year. Estimates are published based on the North American Industry Classification System (NAICS), which has been widely adopted throughout both the public and private sectors.

This request is for the clearance of eight electronic report worksheets, the SA-44, SA-44A, SA-44C, SA-44D, SA-44E, SA-44N, SA-44S, and SA-44T. These eight electronic worksheets enable the Census Bureau to collect information on a NAICS basis and to request data items that are consistent with those NAICS. Variations in the electronic worksheets are needed to address the size of the firm, kind-of-business, or data items requested.

The Census Bureau conducts this survey under the authority of an Act of Congress, Title 13, United States Code, Section 131 and 182. Sections 224 and 225 make the 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. Data on sales taxes are also used to prepare estimates of GDP by industry and to derive industry output for the I-O accounts. Data on detailed operating expenses, collected on this survey quinquennially, 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 Indexes and in developing productivity measurements. The Federal Reserve Board uses the accounts receivables balances to measure consumer credit. 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**

As part of an ongoing effort to migrate the Census Bureau's surveys toward online reporting and reduce paper usage, in 2014 the Annual Retail Trade Survey began requesting respondents exclusively return their data for the 2013 survey year via the Census Bureau's online reporting system (Centurion). The Centurion system is designed to be secure and flexible for users. It allows respondents to complete and file in one session or to save and return over multiple sessions. This strategy has successfully eliminated paper forms in the initial and follow-up mailings and successfully transitioned respondents to report online. Since the rollout of paperless reporting, the initial mailing contains a letter that provides instructions on how to report data and receive help online, and no longer includes a paper questionnaire.

Since survey year 2014, we are reducing paper use, and attempting to increase response rates and simplify reporting by requesting Internet response, the option for respondents to continue providing data by phone or prepared and returned on a company's own form are not encouraged but are still accepted. Of these firms responding, the average rate of

response by Internet since survey year 2014 has been 98.3 percent with approximately 1.7 percent of respondents providing a response on the company’s own form or through analyst contact.

	<b>Internet Response</b>	<b>Other Response<sup>3</sup></b>
2016 <sup>1,2</sup>	98.3%	1.7%
2015	98.4%	1.6%
2014 <sup>4</sup>	98.1%	1.9%
2013	86.3%	13.7%

<sup>1</sup>Percentage estimate as of 7/31/17.

<sup>2</sup>Start of a new sample.

<sup>3</sup>Via phone, fax, analyst contact or mail.

<sup>4</sup>2014 was the first year of full internet reporting.

In addition, communication and reporting status between respondents and the Census Bureau has been improved through another initiative known as ECORR. Instructions on the initial and follow-up mailings direct respondents to go online to the Census Bureau’s ECORR site which provides a link to log into Centurion. This user-friendly, secure technology improvement allows respondents to check the status of their worksheets, request extensions, use prompts guide the respondent through common questions or problems, reassign worksheets to others within the company and correspond with Census Bureau staff using a communications portal This replaces the previous Business Help Site.

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

#### **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 Retail Trade Survey. The monthly survey is voluntary and requests sales, e-commerce, 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, e-commerce, and end-of-month inventories estimates. The annual program is also intended to provide estimates on retail trade in the intervening years between the Economic Census.

## 5. **Minimizing Burden**

While respondents are requested to return their data via the Internet, any data prepared and returned on a company's own form is accepted. Respondents are also allowed to provide data directly over the phone. Instructions on the electronic worksheets state that although book figures are preferred, estimates are acceptable.

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 2.3%.

In addition, the Census Bureau attempts to reduce respondent burden by excluding small single-establishment businesses, below a given receipts cutoff, when the questions on the electronic worksheet align with administrative records data. These establishments are not mailed a letter, instead receipts and operating expense data are imputed based on administrative records data.

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

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

## 7. **Special Circumstances**

There are no special circumstances.

## 8. **Consultations Outside the Agency**

The Census Bureau published a pre-submission notice in the Federal Register dated July 19, 2017 located in Vol.82, No. 137, on page 33043.

In response to the notice, we received a letter of support from the BEA (Attachment 1). We thank the BEA for their continued support for this collection. The BEA is the Census Bureau's main source of consultation on the ARTS, and quarterly status meetings are conducted to address any program issues.

## 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 respondent worksheets (Attachment 2) and introductory letter (Attachment 3). Additionally, the welcome screen of the ECORR provides a statement of authorization (Attachment 4) The worksheets, electronic instruments and letters also inform the respondent that this survey is required by law.

YOUR RESPONSE IS REQUIRED BY LAW. Title 13 United States Code (U.S.C.), 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 ARTS 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 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 20,067 respondents. The estimated total annual burden is approximately 66,649 hours for 2017 and 12,472 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 average response time for the forms is 3 hours and 19 minutes. For 2018 and 2019, the average response time for the forms is 37 minutes. The estimated total annual cost to respondents is approximately \$2,183,421 for 2017 and \$408,583 for 2018 and 2019 each. This is based on the estimated total response burden hours for each respective year at \$32.76 per hour (according to the median hourly salary of 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 for the full-time wage salary earnings of accountants and auditors, SOC code 13-2011) <https://stats.bls.gov/oes/2016/may/oes132011.htm> .

<b>2017 Electronic Worksheets</b>	<b>Mail</b>	<b>Hours</b>	<b>B urden</b>	<b>Cost</b>
SA-44	6898	3.37	23,246 Hrs.	\$354,037
SA-44A	5958	3.23	19,244 Hrs.	\$279,770
SA-44C	3977	3.37	13,402 Hrs.	\$204,128
SA-44D	1313	3.23	4,241 Hrs.	\$61,654
SA-44E	565	3.42	1,932 Hrs.	\$29,911
SA-44N	695	3.38	2,349 Hrs.	\$36,036
SA-44S	579	3.38	1,957 Hrs.	\$30,040
SA-44T	82	3.39	278 Hrs.	\$4,259
	20,067		66,649 Hrs.	\$2,183,421

The total burden hours for 2017 are 66,649 with a total cost of \$2,183,421. Survey years–2017 will be significantly higher due to the collection of Business Expense questions on all forms.

<b>2018-19 Electronic Worksheets</b>	<b>Mail</b>	<b>Hours</b>	<b>B urden</b>	<b>Cost</b>
SA-44	6898	0.67	4,622 Hrs.	\$151,417
SA-44A	5958	0.53	3,158 Hrs.	\$103,456

SA-44C	3977	0.67	2,665 Hrs.	\$87,305
SA-44D	1313	0.53	696 Hrs.	\$22,802
SA-44E	565	0.72	407 Hrs.	\$13,333
SA-44N	695	0.68	473 Hrs.	\$15,495
SA-44S	579	0.68	394 Hrs.	\$12,907
SA-44T	82	0.69	57 Hrs.	\$1,868
	20,067		12,472 Hrs.	\$408,583

The total burden hours for 2018 and 2019 individually are 12,472 with a total estimated cost of \$408,583. The three-year average for burden hours is 30,531 hours. The three-year average cost is \$1,000,196.

**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 ARTS in fiscal year 2018 is expected to be \$2.6 million all borne by the Census Bureau. The total cost per year is expected to remain the same for the upcoming three years and covers collection and processing of the data, review of the tabulated data, dissemination of the final released data and all associated overhead costs.

**15. Reason for Change in Burden**

The burden hour estimate is 19,105 hours more than the previously approved ARTS. This increase is due to incorporating the detailed operating expense questions for the 2017 ARTS. This collection did not occur during the last three-year cycle of OMB approval.

**16. Project Schedule**

Letters requesting respondents to complete an electronic worksheet are mailed to respondents approximately 3 months after the reference year has ended. At least 30 business days are provided for companies to complete the electronic worksheet. A series

of mail and 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- and six-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 fifteen months after the end of the reference year.

**17. Request to Not Display Expiration Date**

We wish to continue to display the expiration date.

**18. Exceptions to the Certification**

There are no exceptions to the certification statement.

**19. NAICS Codes Affected**

The following are the 3-digit NAICS codes for the businesses affected by this information collection:

<b>NAICS</b>	<b>KIND OF BUSINESS</b>
441	Motor Vehicle and Parts Dealers
442	Furniture and Home Furnishings Stores
443	Electronics and Appliances Stores
444	Building Material & Garden Equipment Dealers
445	Food and Beverage Stores
446	Health and Personal Care Stores
447	Gasoline Stations
448	Clothing and Clothing Accessories Stores
451	Sporting Goods, Hobby, Book and Music Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers
454	Nonstore Retailers