

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
9000-0059, North Carolina Sales Tax Certification**

FAR Sections Affected: 52.229-2

A. Justification.

1. **Administrative requirements.** The Federal Acquisition Regulation (FAR) clause at 52.229-2, North Carolina State and Local Sales and Use Tax, requires contractors for construction or vessel repair to be performed in North Carolina to provide certified statements setting forth the cost of the property purchased from each vendor and the amount of sales or use taxes paid. 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.

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 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.

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 83 FR 51953 on October 15, 2018. No comments were received. A 30-day notice published in the *Federal Register* at 84 FR 3784 on February 13, 2019.

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 respondents per year*	377
Responses per respondent	<u>1</u>
Total annual responses	377
Preparation hours per response	<u>1.25</u>
Total response burden hours	471
Average Wage**	<u>\$54</u>
Total cost to the public	\$25,434

* The number of respondents is the number of contractors doing Federal construction work in the state of North Carolina estimated by generating a Federal Procurement Data System (FPDS) report for 2017, and the total number was 251. Assuming that for every two contractors, there is one subcontractor, the total number of entities for this reporting requirement increases to 377. The estimated cost per response is \$67.46.

** 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/step 5 level, so the 2018 hourly rate (\$39.85 an hour) was applied to the estimated hours; and (2) a 36.25% fringe and overhead burden (OMB memorandum M-08-13) was added to the hourly rate, rounded to the nearest dollar, equals \$54 per hour. Reference Salary Table 2018-RUS, Effective January 2018, found at www.opm.gov).

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

Total annual responses	377
Review hours per response	0.25
Total response burden hours	94
Average Wage**	\$54
Total cost to the Government	\$5,076

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** The information collection requirement in the FAR remains unchanged. However, the number of contractors doing Federal construction work in the state of North Carolina has been adjusted by using the most currently available calendar year data from FPDS.

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.