

## SUPPORTING STATEMENT - PART A

### Revitalizing Base Closure Communities, Economic Development Conveyance Annual Financial Statement - OMB Control Number 0790-0004

#### Summary of Changes from Previously Approved Collection

- Reduction in number of respondents as Local Redevelopment Authorities meet their commitment in the economic development conveyance memorandum of agreement, and are no longer required to submit annual statements.

#### 1. Need for the Information Collection

In 1993 Congress created the new property conveyance authority, Economic Development Conveyance (EDC), specifically designed to ease the economic hardship caused by base closures and realignments and to foster rapid job creation in the adversely impacted local communities. This authority gives the Department of Defense (DoD) the ability to transfer property to Local Redevelopment Authorities (LRAs), for consideration at or below estimated fair market value, to spur economic redevelopment and job creation. Public Law 101-510, Defense Base Closure and Realignment Act of 1990 (as amended by the FY2009 National Defense Authorization Act) Section §2905 authorizes DoD to transfer EDC property to LRAs at fair market value, or at less than fair market value, and to modify existing EDC agreements when a change in economic circumstances necessitates a modification.

For military installations with a closure or realignment date after January 1, 2005, Public Law 101-510 Section §2905(b)(4)(A) provides that the Secretary may transfer closing or realigning military installation property to an LRA for purposes of job generation on the installation. The law further provides that the proceeds from any sale, lease, or equivalent use of EDC property during the first 7 years after the date of the initial transfer of the property must be used to support the economic redevelopment, of or related to, the installation. The law also provides that the Secretary may recoup from the LRA such portion of these proceeds not used to support the economic redevelopment, of or related to, the installation. LRAs are subject to this same 7-year reinvestment requirement if their EDC agreement is modified to reduce the debt owed to the Federal Government. For military installations with a closure or realignment date before January 1, 2005, Public Law 106-65, Section 2821(a)(3)(B)(i) provides the same authorities.

In order to confirm LRAs are making the reinvestments in the first seven years of property transfer as required by 32 CFR 174.9, the Military Departments collect data annually and monitor LRA compliance by requiring an annual financial statement certified by an independent Certified Public Accountant.

Because of the unique economic redevelopment challenges faced by rural communities, the Military Departments are encouraged to ensure that the EDC conveyance does not burden

rural recipients of property in a manner greater than under the Department's previous EDC authority. Therefore, for rural recipients, the Military Departments may modify the requirement for the annual financial statement and/or the requirement for the financial statement to be certified by an independent CPA.

## 2. Use of the Information

Respondents are LRAs that have executed EDC agreements with a Military Department that transferred property from a closed military installation.

As provided by 32 CFR 174.9, EDC agreements require that the LRA reinvest the proceeds from any sale, lease or equivalent use of EDC property (or any portion thereof) during at least the first seven years after the date of the initial transfer of the property to support the economic redevelopment of, or related to, the installation. In the case of phased transfers, the Secretary concerned shall require that this commitment apply during at least the first seven years after the date of the last transfer of property to the LRA. For the purposes of calculating this reinvestment period, a lease in furtherance of conveyance constitutes a transfer.

Military departments monitor LRA compliance with this provision by requiring an annual financial statement certified by an independent Certified Public Accountant. To inform and remind respondents of this annual requirement, the military departments mail letters to respondents notifying them of the need to submit the materials and offering instructions. An example copy of these letters is provided with the submission package to OMB. Military departments receive the annual financial statements by hard copy and electronic versions sent to the respective military department's office managing BRAC activities. Military departments review the information received to ensure compliance with economic development conveyance memorandum of agreement and 32 CFR 174.9

Military departments will transmit electronically the Agency Disclosure Notice with OMB Control Number information to the LRAs not less than annually, which are included as paper copies in the annual letter reminding respondents to submit their documents.

No specific form is required.

## 3. Use of Information Technology

Military departments will specifically state in their communications to LRAs how to submit responses electronically. Approximately 95% percent of the responses are electronic.

## 4. Non-duplication

There is no duplication of effort involved in this data collection. All LRAs exist as either state, county or local government entities or public non-profit corporations that must be publicly accountable for their operations. As a public entity, the LRA already must meet annual audit requirements. The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

## 5. Burden on Small Businesses

Small businesses are not eligible to receive installation property through an EDC, as such this information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

If this data collection does not occur, the Department of Defense will not be able to confirm that proceeds from the sale, lease, or equivalent use of EDC property are being reinvested to support economic development, of or related to, the installation, resulting in noncompliance with 32 CFR 174.9 requirements, as well as FIAR and audit readiness requirements. Annual collection is consistent with standard financial reporting periods of the public entities under which the LRAs exists and function. Similarly, annual audit requirements follow the same timeline and any difference would adversely add additional burden to the reporting requirement.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Tuesday, November 10, 2020. The 60-Day FRN citation is 85 FR 71638.

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice for the collection published on Tuesday, January 19, 2021. The 30-Day FRN citation is 86 FR 5153.

Part B: CONSULTATION

As part of ongoing operations, there is frequent contact between the Military Department and the LRA. In the past, when LRA's have brought issues or suggestions to the attention of the Military Departments, the Departments have taken note of the consultation and addressed the issue to resolve outstanding problems. This process is ongoing throughout the frequent day-to-day contact between the Departments and the LRAs.

9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

10. Confidentiality

A Privacy Act Statement is not required for this collection because we are not requesting individuals to furnish personal information for a system of records.

A System of Record Notice (SORN) is not required for this collection because records are not retrievable by PII.

A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

All data collected is organization operational data. At no time is any data collected pertaining to personnel or PII. The files are maintained by the military departments and will be transferred to federal archives at such time as all conditions of the land requirements have been met and the property no longer belongs to the military department.

11. Sensitive Questions

Financial questions related to the assets and debts of Local Redevelopment Authorities (LRAs) could potentially be perceived as sensitive. However, this information is required to ensure the financial compliance of LRAs and is necessary to ensure they are financially accountable to the government.

12. Respondent Burden and its Labor Costs

Part A: ESTIMATION OF RESPONDENT BURDEN

1) Collection Instrument

Revitalizing Base Closure Communities, Economic Development Conveyance Annual Fiscal Statement

- a) Number of Respondents: 24
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 24
- d) Response Time: 40 hours
- e) Respondent Burden Hours: 960 hours

2) Total Submission Burden

- a) Total Number of Respondents: 24
- b) Total Number of Annual Responses: 24
- c) Total Respondent Burden Hours: 960 hours

Part B: LABOR COST OF RESPONDENT BURDEN

1) Collection Instrument(s)

Revitalizing Base Closure Communities, Economic Development Conveyance Annual Fiscal Statement

- a) Number of Total Annual Responses: 24
- b) Response Time: 40 hours
- c) Respondent Hourly Wage: \$34.40
- d) Labor Burden per Response: \$1,376

- e) Total Labor Burden: \$33,024
- 2) Overall Labor Burden
  - a) Total Number of Annual Responses: 24
  - b) Total Labor Burden: \$33,024

The Respondent hourly wage was determined by using the Bureau of Labor Statistics occupational wage estimate for Accountants and Auditors.

([https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm))

13. Respondent Costs Other Than Burden Hour Costs

Respondents who choose to mail the package must pay an estimated \$6.00 to do so. Approximately 5% of responses, or around 2 total annual responses, are sent by mail. Therefore, the postage cost for annual submissions is estimated to be \$12.

14. Cost to the Federal Government

Part A: LABOR COST TO THE FEDERAL GOVERNMENT

- 1) Collection Instrument(s)  
Revitalizing Base Closure Communities, Economic Development Conveyance Annual Fiscal Statement
  - a) Number of Total Annual Responses: 24
  - b) Processing Time per Response: 4 hours
  - c) Hourly Wage of Worker(s) Processing Responses: \$46.88
  - d) Cost to Process Each Response: \$187.52
  - e) Total Cost to Process Responses: \$4,500.48
- 2) Overall Labor Burden to the Federal Government
  - a) Total Number of Annual Responses: 24
  - b) Total Labor Burden: \$4,500.48

Part B: OPERATIONAL AND MAINTENANCE COSTS

- 1) Cost Categories
  - a) Equipment: \$0
  - b) Printing: \$0
  - c) Postage: \$0
  - d) Software Purchases: \$0
  - e) Licensing Costs: \$0
  - f) Other: \$0
- 2) Total Operational and Maintenance Cost: \$0

Part C: TOTAL COST TO THE FEDERAL GOVERNMENT

1) Total Labor Cost to the Federal Government: \$4,500.48

2) Total Operational and Maintenance Costs: \$0

3) Total Cost to the Federal Government: \$4,500

15. Reasons for Change in Burden

The burden has decreased since the previous approval due to a decrease in respondents as a result of multiple Local Redevelopment Authorities having completed their seven year reporting requirements.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.