

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
OMB CONTROL NO. 9000-0059
North Carolina Sales Tax Certification**

FAR section affected: 52.229-2

A. Justification.

1. Administrative requirements. This clearance covers the information that contractors must submit to comply with the requirements of the Federal Acquisition Regulation (FAR) clause at 52.229-2, North Carolina State and Local Sales and Use Tax. This clause 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 Government will use the information as evidence to establish exemption from State and local taxes.

3. Consideration of information technology. Federal agencies use 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 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 1320.5(d)(2).

8. Efforts to consult with persons outside the agency.

A. A 60-day notice was published in the *Federal Register* at 87 FR 1148, on January 10, 2022. No comments were received.

B. A 30-day notice was published in the *Federal Register* at 87 FR 15423, on March 18, 2022.

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, current regulations, and statutory requirements.

11. Additional justification for questions of a sensitive nature. No sensitive questions are involved.

12 & 13. Estimated total annual public hour and cost burden.

Using Federal Procurement Data System (FPDS) data, the number of respondents is estimated to be 142, which is the average number of contractors doing Federal construction work in the state of North Carolina between calendar years 2018 and 2021. Assuming that for every two contractors, there is one subcontractor, the total number of entities for this reporting requirement increases to 213 (142*1.5). Time required to prepare information is estimated at 75 minutes per completion.

The burden is calculated as follows:

Estimated respondents/yr.....	213
Responses per respondent.....	<u>1</u>
Total annual responses.....	213

Estimated hours/response.....x 1.25
 Estimated annual burden hours.....266.25
 Hourly rate*.....x \$59
 Estimated total cost to the public.....\$15,708.75

* Based on the Office of Personnel Management (OPM) 2022 General Schedule (GS) 12/step 5 salary for the rest of the United States (\$43.10 per hour) plus a 36.25 percent fringe factor, rounded to the nearest whole dollar. The fringe factor used is pursuant to the rate provided in OMB memorandum M-08-13 for use in public-private competition.

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

Total annual responses..... 213
 Review time per response (hours)..... x 0.25
 Review time per year (hours)..... 53.25
 Hourly rate*..... x \$59
 Estimated annual cost to the Government.....\$3,141.75

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** There are no program changes. 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. The estimated cost to the public and to the Government was updated based on use of the calendar year 2022 OPM GS wage rates for the rest of the United States.

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.