

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Benchmark Survey of Transactions in Selected Services and
Intellectual Property with Foreign Persons (Form BE-120)
OMB Control Number: 0608-0058

B. Collections of Information Employing Statistical Methods

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g. establishments, State and local governmental units, households, or persons) in the universe and the corresponding sample are to be provided in tabular form. The tabulation must also include expected response rates for the collection as a whole. If the collection has been conducted before, provide the actual response rate achieved.

This survey is a benchmark survey, or census. The potential respondent universe for the BE-120 benchmark survey is all U.S. persons that engaged in transactions (either sales or purchases) with foreign persons in the covered services and intellectual property categories in fiscal year 2022. Any U.S. person that had combined sales to foreign persons that exceeded \$2 million, and/or combined purchases from foreign persons that exceeded \$1 million in the services and/or intellectual property transactions categories covered by the survey for the fiscal year, on an accrual basis, is required to provide data on each of the covered types of services and/or intellectual property with totals disaggregated by country and by relationship to the foreign transactor (foreign affiliate, foreign parent group, or unaffiliated). Any U.S. person that had combined sales to foreign persons of \$2 million or less, and/or combined purchases from foreign persons of \$1 million or less in the transaction categories covered by the survey for the fiscal year, is required to provide the total sales and/or purchases for each type of transaction in which they engaged.

The determination of whether a U.S. services provider is subject to this reporting requirement can be based on the judgment of knowledgeable persons in a company who can identify reportable transactions on a recall basis, with a reasonable degree of certainty, without conducting a detailed manual records search. The \$2 million threshold for reporting detailed data on sales and the \$1 million threshold for purchases should be applied to the covered transactions categories with foreign persons by all parts of the consolidated domestic U.S. Reporter. Because the \$2 million and \$1 million thresholds apply separately to sales and purchases, the detailed data reporting requirement may apply to sales only, to purchases only, or to both.

Any U.S. person that receives the BE-120 survey form from BEA, but is not subject to the reporting requirements, must file an exemption claim by completing the determination of reporting status section of the BE-120 survey and returning it to BEA by the due date of the survey.

BEA intends to mail a notice to approximately 15,000 U.S. companies alerting them of the requirement to file the survey and providing links to eFile, BEA's electronic filing system. BEA

anticipates that 11,000 of the contacted companies will complete the survey and 4,000 companies will not meet the filing criteria and will file an exemption claim. BEA will estimate data for respondents that do not report their data in a timely manner. Estimates for these companies will be based on prior reports and growth in the value of transactions from a matched sample of respondents. BEA will allocate the estimated data by country and by type of transaction based on the distribution of reported transactions for inclusion in the published totals. Thus, estimates will cover the entire universe of transactions.

2022 BE-120 Universe of Respondents

| Response type | Estimated Number of Respondents |
|------------------------------|---------------------------------|
| Schedules | 5,000 |
| Totals by Transaction | 6,000 |
| Exempt | 4,000 |
| Total respondents (universe) | 15,000 |

Response rates have been high for the prior benchmark survey and the related quarterly survey of transactions in selected services and intellectual property with foreign persons (BE-125), with a response rate of 85 percent for the prior benchmark and an average response rate of approximately 90 percent for the BE-125 surveys. BEA expects that these high response rates will continue for the 2022 benchmark survey, providing information of sufficient accuracy and reliability for its intended purposes.

BE-120 Response Rates

| Survey response | Response rate |
|---|---------------|
| Response rate for the 2017 BE-120 survey | 85% |
| Average response rate for the 2018-2021 BE-125 survey | 90% |
| Expected response rate for the 2022 BE-120 survey | 90% |

2. Describe the procedures for the collection, including: the statistical methodology for stratification and sample selection; the estimation procedure; the degree of accuracy needed for the purpose described in the justification; any unusual problems requiring specialized sampling procedures; and any use of periodic (less frequent than annual) data collection cycles to reduce burden.

The BE-120 survey would be administered to U.S. persons that conduct transactions in selected services and intellectual property (either sales or purchases) with foreign persons. BEA expects most of the potential respondents to file the survey on a timely basis. In the case that a survey is not filed, or is filed too late to be used, BEA will generate an estimate based on data previously

reported, where available, or include an estimate for the non-respondent using information from companies that did respond. No unusual problems have been identified that would require the use of specialized sampling procedures. BEA will attempt to collect data from the entire universe of firms meeting the reporting criteria.

The list of respondents will be derived from public and private sources, including business directories and establishment lists.

A high degree of accuracy is needed for the purposes stated in the justification. The proposed survey is a benchmark survey, which BEA conducts periodically, every five years. The BE-120 survey that is being proposed will apply to the 2022 fiscal reporting year.

3. Describe the methods used to maximize response rates and to deal with nonresponse. The accuracy and reliability of the information collected must be shown to be adequate for the intended uses. For collections based on sampling, a special justification must be provided if they will not yield "reliable" data that can be generalized to the universe studied.

Any company subject to the reporting requirements of the BE-120 would be required to complete the survey whether or not they are contacted by BEA. A response must be received by filing a completed form BE-120. Several steps will be taken to maximize response rates. Survey announcement letters will highlight significant changes to the survey, alert respondents to the availability of BEA's electronic filing system, and direct respondents to multimedia informational resources and copies of the survey form on BEA's website.

Any person contacted by BEA must respond, by filing either a completed form or a valid exemption claim by July 31, 2023. Non-respondents will be contacted by BEA staff and, in the event of continued nonresponse, will be referred to the Office of General Counsel for further action. BEA expects that at the time of the final revised estimates, reports will be received from nearly all companies required to report.

4. Describe any tests of procedures or methods to be undertaken. Tests are encouraged as effective means to refine collections, but if ten or more test respondents are involved OMB must give prior approval.

In recent years, BEA has solicited input from its data users, including other government agencies, through a series of site visits and webinars. During these presentations, BEA staff presented an overview of potential changes to the services data collected and published by BEA, including proposals to expand upon the existing services categories collected on this survey. These presentations also provided an opportunity for data users to suggest other services-related data that are of particular interest. From these consultations, BEA developed a list of changes to the services data collected on this and other BEA surveys.

For the planned survey changes BEA consulted a sample of nine current quarterly survey respondents regarding the modifications. BEA sent these reporters a letter summarizing the plans for the survey and provided them an opportunity to comment regarding the feasibility of these

adjustments. Respondents were asked to indicate the impact on burden associated with: 1) providing the employment size class, by checking a box to indicate the range of employees on the payroll of the consolidated domestic U.S. reporter, 2) reporting information on the largest states (up to three) for sales (exports) and purchases (imports) of services and provide a percentage of services transacted from each state, and 3) responding to a series of questions on the operation of digital intermediation platforms to identify the value of their digital intermediation sales and associated transaction category(ies). None of these individual reporters responded with concerns about the proposals, thus, BEA believes the changes will have little impact on most respondents.

Additionally, BEA maintains a continuing dialogue with respondents and data users, including its own internal users through the Bureau's Source Data Improvement and Evaluation Program, to ensure that, to the extent possible, the required data serve their intended purposes, that the survey instructions are clear, and that unreasonable burdens are not imposed.

5. Provide the name and telephone number of individuals consulted on the statistical aspects of the design, and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The survey is designed and conducted within BEA by the Balance of Payments Division. For further information, contact Christopher Stein via email at christopher.stein@bea.gov or by phone at 301-278-9189.