

Federal Acquisition Regulation (FAR)
North Carolina Sales Tax Certification
OMB Control No. 9000-0059
Justification - Part A Supporting Statement

FAR section affected: 52.229-2

Overview of Information Collection:

- This justification supports clearance of an extension of the collection.

There are no program changes. The FAR requirements remain the same. This extension includes adjustments to the burden due to use of the latest data available in the Federal Procurement Data System (FPDS) and the calendar year 2024 Office of Personnel Management (OPM) General Schedule (GS) Salary Table for the rest of the United States as explained in item 15.

1. Need & Method for the Information Collection. This clearance covers the information that contractors must submit to comply with the following Federal Acquisition Regulation (FAR) requirements:

FAR 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 of 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. Use of the Information. The Government will use the information as evidence to establish exemption from State and local taxes.
3. Use 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. Non-duplication. These requirements are issued under the FAR, which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.
5. Burden on Small Business. The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.
6. Less Frequent Collection. Collection of information on a yearly basis is required to obtain a refund under the North Carolina Sales and Use Tax Act.
7. Paperwork Reduction Act Guidelines. Collection is consistent with guidelines in 5 CFR 1320.5(d)(2).
8. Consultation and Public Comments.
 - A. A 60-day notice was published in the *Federal Register* at FR 92126, on November 21, 2024. No comments were received.
 - B. A 30-day notice was published in the *Federal Register* at 90 FR 11975, on March 13, 2025.
9. Gifts or Payment. This collection does not provide any payment or gift to respondents, other than remuneration of contractors.
10. Privacy & Confidentiality. This information is disclosed only to the extent consistent with prudent business practices,

current regulations, and statutory requirements.

11. Sensitive Questions. No sensitive questions are involved.

12. Burden Estimate.

Using FPDS data, the number of respondents is estimated to be 121, which is the average number of contractors doing Federal construction work in the state of North Carolina between calendar years 2021 and 2023. Assuming that for every two contractors, there is one subcontractor, the total number of entities for this reporting requirement increases to 182 (121*1.5). Time required to prepare information is estimated at 75 minutes per completion.

The burden is calculated as follows:

Estimated respondents/yr.....	182
Responses annually.....	<u>x 1</u>
Total annual responses.....	182
Estimated hours/response.....	<u>x 1.25</u>
Estimated total burden hours.....	227.5
Hourly rate*.....	<u>x \$70</u>
Estimated cost to the public.....	\$ 15,925

* The hourly rate is calculated by applying a 36.25 percent fringe factor and a 12 percent overhead factor to a base hourly rate (\$47.22), and then rounding to the nearest whole dollar (\$70). The base hourly rate is derived from the Office of Personnel Management (OPM) 2024 General Schedule (GS) Locality Pay Table for a GS-12/step 5 salary for the rest of the United States ("Salary Table 2024-RUS"). The fringe factor is derived from OMB memorandum M-08-13. The overhead factor is derived from the OMB Circular No. A-76 Revised Supplemental Handbook.

13. Estimated nonrecurring costs. Not applicable.

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

Total annual responses.....	182
Estimated hours/response.....	<u>x 0.25</u>
Estimated total burden/hours.....	45.5
Hourly rate*.....	<u>x \$70</u>

Estimated cost to Government..... \$ 3,185

15. Reasons for changes. There are no program changes. The FAR requirements remain the same. This extension includes adjustments to the public and Government burden estimates based on the following:

Reporting Public Burden	2022	2025	Difference
Responses	213	182	- 31
Hours	266	228	- 38
Cost	\$15,708	\$15,925	+ \$217

- The estimated cost per hour is based on use of the calendar year 2024 OPM GS wage rates for the rest of the United States.
- The estimated number of respondents was based on an average of FPDS award data for years 2021 through 2023.

16. Publicizing Results. Results will not be tabulated or published.

17. OMB Not to Display Approval. Approval to *not* display the expiration date for OMB approval of the information collection is not sought.

18. Exceptions to "Certification for Paperwork Reduction Submissions". There is no exception to the certification statement.

19. Surveys, Censuses, and Other Collections that Employ Statistical Methods. Statistical methods are not used in this information collection. A Part B supporting statement is not needed, or required, and therefore was not completed.

Year	Awards	Unique vendors
2021	206	127
2022	222	117
2023	209	119
AVG	212	121