

## **Supporting Statement A**

### **“Payments in Lieu of Taxes (PILT Act), Statement of Federal Lands Payments, (43 CFR 44)” OMB Control Number 1093-0005**

**Terms of Clearance:** None

#### **General Instructions**

A completed Supporting Statement A must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified below. If an item is not applicable, provide a brief explanation. When the question “Does this ICR contain surveys, censuses, or employ statistical methods?” is checked “Yes,” then a Supporting Statement B must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

#### **Specific Instructions**

#### **Justification**

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

“Payments in Lieu of Taxes” (PILT) are Federal payments made by the Department of the Interior (DOI) to local governments that help offset losses in property taxes due to nontaxable Federal lands located within their boundaries. The key law that directs the payments, the PILT Act, is Public Law 94-565, enacted on October 20, 1976. The PILT Act was rewritten and amended by Public Law 97-258, which was enacted on September 13, 1982, and codified in Chapter 69, Title 31 of the United States Code. The PILT Act recognizes that the inability to collect property taxes can have an adverse impact on local governments’ financial ability to provide basic services to their constituents. To ease the financial impact of paying for such vital services as fire and police protection, construction of roads and schools, and other such services that would generally be funded primarily by property taxes, the PILT Act provides that, on an annual basis, Congress shall appropriate funds for the Department of the Interior to distribute to these local governments to offset the loss in revenue caused by Federal ownership of lands within their respective jurisdictions.

PILT Act payments are computed according to a formula contained in the law. This formula is based on population, receipt sharing payments, and the amount of Federal land by acres within an

affected county. However, the PILT Act also provides that local governments that receive funds directly from the Federal government as a result of the provisions of one or more of 12 different statutes receive PILT payments that are reduced by the total amount of payments received. For this reason, the Office of the Secretary must collect the information covered by this information collection from certain state agencies. The Office of the Secretary needs to know how much money each of the local governments that is eligible to receive PILT payments has collected over the course of the past year in order not to pay these jurisdictions more than they are otherwise entitled to receive, under law.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. Be specific. If this collection is a form or a questionnaire, every question needs to be justified.

Under the PILT Act, the Governor of each state, or his/her designee, must furnish the Department of the Interior with a listing of payments disbursed to local governments by the state on behalf of the Federal Government under each of 12 statutes. The Office of the Secretary uses the amounts reported by the state to reduce the PILT payments to units of general local governments from that which they might otherwise receive. If such a listing were not furnished by the states, the Office of the Secretary would not be able to compute the PILT payment to units of general local government within the state, as required by law.

Because the information that the Office of the Secretary requests from the states directly affects the dollar value of the PILT payments made to units of general local government, the General Accounting Office and the Department of the Interior's Office of Inspector General determined that the information furnished by the states must be audited by an independent Certified Public Accountant or a state auditor prior to sending the information to the Office of the Secretary. The Office of the Secretary's information collection form, known as the "State of Federal Land Payments" form, is designed to facilitate the recording of the information requested. It lists each qualifying unit of general local government down the left-hand side of the page. (Note: The form for each state is tailored to its specific needs; it lists only those units of local government that are eligible to receive PILT payments within that particular state.) Across the top of the form are columns which indicate each of the land revenue acts described in Section 6903 of the PILT Act. Each year, the form is amended to indicate the correct fiscal year for which the information is being collected.

Each state is responsible for designating the office within the state responsible for completing the "Statement of Federal Land Payments" form. In most states, the Treasurer's Office has records of payments made to units of general local government under Section 6903 of the PILT Act, and is responsible for complying with this information collection. Once the responsible state office completes the "Statement of Federal Land Payments" form, it is forwarded to the auditor designated by the state for certification. The auditor verifies that the payment information is correctly recorded by the responsible state office under the requirements of the PILT Act and applicable state laws. The auditor then discusses any discrepancies with state officials. If state officials agree with the auditor's discrepancies, the auditor will show the total adjustment for each unit of general local government in the column entitled "Recommended Adjustments" on

the “Statement of Federal Land Payments” form. The Office of the Secretary will use this data to compute the payments to units of general local government under 31 U.S.C. 6901-6907.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden and specifically how this collection meets GPEA requirements.

Currently, the Office of the Secretary does not collect the information electronically because PILT regulations (at 43 CFR Part 44.23) stipulate that the data provided by the states be “(1) ...signed by the Governor or a designated official of the State in which the local government is located; and (2) . . .accompanied by a certification, signed by a State Auditor, as Independent Certified Accountant, or an independent public accountant, that the statement has been audited” in accordance with the auditing standards cited in the regulations. Because all states must provide these signed certifications, they all submit paper copies of their forms. However, some states do submit corrections to the data via email when required, rather than re-mailing the entire form via the U.S. Postal Service. The Office of the Secretary is looking into the feasibility of electronically collecting the data that must be certified as accurate by the parties designated in the PILT regulations, and has determined that to do so would require a major redesign of the system that calculates PILT payments. The Office of the Secretary expects electronic collection of data to be implemented in the next few years, but the system redesign and stakeholder outreach needed will not be in place in time for the 2013 payments.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The Department of the Interior holds a unique role in the Federal government with respect to its stewardship of federally owned land, and the PILT Act grants responsibility for PILT payments to the Secretary of the Interior. Therefore, no other Federal agency collects PILT data. Because the information collected is highly specific pursuant to the requirements of the PILT Act, no other Federal agency collects the same or similar information, no other Federal agency collects similar information that can be modified for this collection, and the information is not available from any other source.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

This information collection has no significant impact on small business or other small entities. State governments are the only entities required to respond to this collection. The information to be collected is limited to only that information needed to comply with the requirements of the PILT Act and its regulations (43 CFR 44).

6. Describe the consequence to Federal program or policy activities if the collection is not

conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If the Office of the Secretary does not collect the information or conducts the collection less frequently, the requirements of the PILT Act will not be met. Reducing the burden would prevent the collection of sufficient information needed to compute PILT payments to units of general local governments.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:
  - \* requiring respondents to report information to the agency more often than quarterly;
  - \* requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
  - \* requiring respondents to submit more than an original and two copies of any document;
  - \* requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;
  - \* in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study;
  - \* requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
  - \* that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
  - \* requiring respondents to submit proprietary trade secrets, or other confidential information, unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There are no special circumstances that require collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and in response to the PRA statement associated with the collection over the past three years, and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years — even if the collection of information activity is the same as in prior periods. There may be

circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

On June 19, 2012 (Volume 77, Number 118, Page 36569), the Office of the Secretary published a 60-day notice in the Federal Register, soliciting comments from the public and other interested parties, on whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; the accuracy of the agency's estimate of the burden of the collection and the validity of the methodology and assumptions used; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical or other collection techniques or other forms of information technology. No public comments were received.

During the time period August 16, 2012 through August 20, 2012, the Office of the Secretary contacted 3 states which had completed the State of Federal Land Payments form, seeking the amount of time that was required to fully complete the form, including reviewing the form with an auditor. Additionally, those polled were asked the hourly rate of the employees charged with accomplishing these efforts, and were invited to provide any additional comments. These individuals described the effort to collect the required information as a simple process because they know who to contact at the state and county level for the information. They also indicated the instructions and guidance are clear and they feel comfortable contacting the Department of the Interior with any questions or concerns.

Personnel from the three states provided the following information:

- Stephanie Day, Deputy Budget Director, Department of Administration, State of Nevada, 209 E. Musser Street, Room 200, Carson City, Nevada 89701-4298, telephone (775) 684-0207, reported that it took 50 hours to complete the form.
- Pamela Robinson, Administrator, Public Funds Division, Department of Audit, Herschler Building, 3<sup>rd</sup> Floor, East, Cheyenne, Wyoming 82002, telephone (307) 777-7367, reported that it took 68 hours to complete the form.
- Brenda L. Suazo-Giles, Department of Finance and Administration, Local Government Division, Bataan Memorial Building, Room 201, Santa Fe, New Mexico, 87501, telephone (505) 827-4127, reported that it took 40 hours to complete the form.

These hourly totals combined all aspects of the submission, including planning and research, transcription, auditing, and preparation of the final submission form. There is variation from one state to another, which is to be expected because some states have more units of local government that must be taken into account than others, states vary in the experience of the personnel compiling and reviewing the information, and they vary on the degree to which their fiscal reporting systems support the ready identification of the information requested. The average number of hours for these three states to complete the annual submission is 53 hours. This is slightly less than the estimate provided three years ago.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

The Office of the Secretary does not provide payments or gifts to respondents to the State of Federal Land Payments form.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The Office of the Secretary protects respondents' confidentiality consistent with the Freedom of Information Act (5 U.S.C. 552).

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

This information collection does not contain questions of a sensitive nature. The data collected is official governmental information that is public record and the respondents are public officials operating within the scope of their duties.

12. Provide estimates of the hour burden of the collection of information. The statement should:
  - \* Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.
  - \* If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.
  - \* Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here.

Based on our 2012 outreach survey, we are estimating an average 53 hours per response and a total of 43 responses annually, which brings the total expected annual burden hours to 2,279 hours. Those same persons listed in Item 8 above also provided an average hourly salary, including benefits, for those persons within the state working on this collection. Nevada personnel reported \$60.00 per hour, Wyoming reported \$41.00 per hour, and New Mexico reported \$35.00 per hour, all sums including benefits. This yields a rounded hourly burden of

\$45.33 per hour, including benefits. The \$45.33 multiplied by the total burden of 2,279 hours = \$103,315.

13. Provide an estimate of the total annual non-hour cost burden to respondents or record-keepers resulting from the collection of information. (Do not include the cost of any hour burden already reflected in item 12.)

- \* The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information (including filing fees paid for form processing). Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.
- \* If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- \* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices.

Responding to this information request requires states to compile existing data and complete the State of Federal Land Payments form. Respondents incur no annual capital or start-up costs to prepare for or respond to the information collection, nor are any operations and maintenance costs incurred. Respondents do not need to purchase any computer software or hardware to comply with this information collection. The Office of the Secretary does not require respondents to pay any filing fees.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

The Office of the Secretary estimates that it takes approximately 1.5 hours per report to analyze the data received from the states, enter it into the computer system that processes it, and verify it. Since there are 43 expected annual responses, this yields a total of 65 hours, rounded. Currently, the work is being performed by a contractor earning \$68.00 per hour and a federal employee

earning \$44.00 per hour. Assuming each does half of the work, this average (\$56.00), multiplied by 43 responses and by 1.5 hours per response, yields a total cost to the Government of \$3,612.

15. Explain the reasons for any program changes or adjustments in hour or cost burden.

There are no program changes in the administration of this information collection. There is an adjustment downward in the current estimate of burden time based on our outreach.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The information collected as a result of this information collection will not be published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The Office of the Secretary plans to continue display of the appropriate expiration date for this information collection.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

There are no exceptions requested to Item 19, Certification for Paperwork Reduction Act submissions.