

your agency published a proposed rule) that may result in expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100,000,000 or more in any one year (adjusted annually for inflation). Your analytical requirements under Executive Order 12866 are similar to the analytical requirements under this Act, and thus the same analysis may permit you to comply with both analytical requirements.

C. Information Collection, Paperwork and Recordkeeping Burdens

Under the Paperwork Reduction Act (44 U.S.C. chapter 35), you will need to consider whether your rulemaking (or other actions) will create any additional information collection, paperwork or recordkeeping burdens. These burdens are permissible only if you can justify the practical utility of the information for the implementation of your rule. OMB approval will be required of any new requirements for a collection of information imposed on 10 or more persons and a valid OMB control number must be obtained for any covered paperwork. Your agency's CIO should be able to assist you in complying with the Paperwork Reduction Act.

D. Information Quality Guidelines

Under the Information Quality Law, agency guidelines, in conformance with the OMB government-wide guidelines (67 FR 8452, February 22, 2002), have established basic quality performance goals for all information disseminated by agencies, including information disseminated in support of proposed and final rules. The data and analysis that you use to support your rule must meet these agency and OMB quality standards. Your agency's CIO should be able to assist you in assessing information quality. The Statistical and Science Policy Branch of OMB's Office of Information and Regulatory Affairs can provide you assistance.

E. Environmental Impact Statements

The National Environmental Policy Act (42 U.S.C. 4321–4347) and related statutes and executive orders require agencies to consider the environmental impacts of agency decisions, including rulemakings. An environmental impact statement must be prepared for "major federal actions significantly affecting the quality of the human environment." You must complete NEPA documentation before issuing a final rule. The White House Council on Environmental Quality has issued regulations (40 CFR 1500–1508) and associated guidance for implementation of NEPA, available through CEQ's Web site (see NEPANet).

F. Impacts on Children

Under Executive Order 13045, "Protection of Children from Environmental Health Risks and Safety Risks," each agency must, with respect to its rules, "to the extent permitted by law and appropriate, and consistent with the agency's mission," each agency must "address disproportionate risks to children that result from environmental health risks or safety risks." For any substantive rulemaking action that "is likely to result in" an economically significant rule that concerns "an environmental health risk or safety risk

that an agency has reason to believe may disproportionately affect children," the agency must provide OMB/OIRA "an evaluation of the environmental health or safety effects of the planned regulation on children," as well as "an explanation of why the planned regulation is preferable to other potentially and reasonably feasible alternatives considered by the agency."

G. Energy Impacts

Under Executive Order 13211 (66 FR 28355, May 22, 2001), agencies are required to prepare and submit to OMB a Statement of Energy Effects for significant energy actions, to the extent permitted by law. This Statement is to include a detailed statement of "any adverse effects on energy supply, distribution, or use (including a shortfall in supply, price increases, and increased use of foreign supplies)" for the action and reasonable alternatives and their effects. You need to publish the Statement or a summary in the related NPRM and final rule. For further "Guidance on Implementing E.O. 13211," see OMB Memorandum 01–27 (July 13, 2001), available on OMB's Web site.

VI. Accounting Statement

You need to provide an accounting statement with tables reporting benefit and cost estimates for each major final rule for your agency. You should use the guidance outlined above to report these estimates. We have included a suggested format for your consideration.

Categories of Benefits and Costs

To the extent feasible, you should quantify all potential incremental benefits and costs. You should report benefit and cost estimates within the following three categories:

- Monetized
- Quantified, but not monetized; and
- Qualitative, but not quantified.

These categories are mutually exclusive and exhaustive. Throughout the process of listing preliminary estimates of costs and benefits, agencies should avoid double-counting. This problem may arise if more than one way exists to express the same change in social welfare.

Quantifying and Monetizing Benefits and Costs

Yes, you should develop quantitative estimate and convert them to dollar amounts if possible. In many cases, quantified estimates are readily convertible, with a little effort, into dollar equivalents.

Treatment of Benefits and Costs Over Time

You should monetize and quantify effects as real, undiscounted streams of estimates for each year over the entire period for which you have estimated them. You should also annualize these same effects using real discount rates of 3 and 7 percent. The stream of annualized estimates should begin in the year the final rule is published even if the rule does not take effect immediately. Please report all monetized effects in 2000 dollars. You may convert dollars expressed in different years to 2000 dollars using the GDP deflator.

Treatment of Risk and Uncertainty

You should provide central tendency or primary estimates as well as distributions about the estimates, where such information exists. When you provide only upper and lower bounds (in addition to best estimates), you should, if possible, use the 95 and 5 percent confidence bounds. Although we encourage you to develop estimates that capture the distribution of plausible outcomes for a particular alternative, detailed reporting of such distributions is not required.

The principles of full disclosure and transparency apply to the treatment of uncertainty. Where there is significant uncertainty and the resulting inferences and/or assumptions have a critical effect on the benefit and cost estimates, you should describe the benefits and costs under plausible alternative assumptions. You may add footnotes to the table as needed to provide documentation and references, or to express important warnings.

In our discussion in Section I above, we identified some of the issues associated with developing estimates of the value of reductions in premature mortality risk. Based on this discussion, you should present alternative primary estimates where you use alternative estimates for valuing reductions in premature mortality risk.

Precision of Estimates

Reported estimates should reflect, to the extent feasible, the precision in the analysis. For example, an estimate of \$220 million implies rounding to the nearest \$10 million and thus a precision of $\pm \$5$ million; similarly, an estimate of \$222 million implies rounding to the nearest \$1 million and thus, a precision of $\pm \$0.5$ million.

Separate Reporting of Transfers

You should report transfers separately and avoid the misclassification of transfer payments as costs or benefits. Transfers occur when wealth or income is redistributed without any direct change in aggregate social welfare. To the extent that regulatory outputs reflects transfers rather than welfare gains to society, you should identify them as transfers rather than costs or benefits. You should also distinguish transfers caused by Federal budget actions—such as those stemming from a rule affecting Social Security payments—from those that involve transfers between non-governmental parties—such as monopoly rents a rule may confer on a private party. You should use as many categories as necessary to describe the major redistributive effects of a regulatory action. If transfers have significant effects in addition to distributional effects, you should evaluate them also.

Effects on State, Local, and Tribal Governments, Small Business, Wages and Economic Growth

You need to identify the portions of benefits, cost, and transfers received by State, local, and tribal governments. To the extent feasible, you also should identify the effects of the rule or program on small businesses, wages, and economic growth. Note that rules with annual costs that are less than one