

Tobacco Products
Reports Intended to Demonstrate the Substantial Equivalence of a New Tobacco Product
Guidance Document

Revision

0910-0673

SUPPORTING STATEMENT

Terms of Clearance: None

A. Justification

1. Circumstances Making the Collection of Information Necessary

On June 22, 2009, the President signed the Family Smoking Prevention and Tobacco Control Act (Tobacco Control Act) (Public Law 111-31) into law. The Tobacco Control Act amended the Federal Food, Drug, and Cosmetic Act (the FD&C Act) by adding, among other things, a new chapter granting FDA important new authority to regulate the manufacture, marketing, and distribution of tobacco products to protect the public health generally and to reduce tobacco use by minors.

The FD&C Act, as amended, requires FDA to issue an order under section 910(c)(1)(A)(i) (order after review of a premarket application) before a new tobacco product may be commercially marketed. An order under section 910(c)(1)(A)(i) is not required, however, if a manufacturer submits a report under section 905(j)(1)(A)(i) for the new tobacco product and FDA issues an order finding that the tobacco product is (1) substantially equivalent to a tobacco product commercially marketed in the United States as of February 15, 2007, and (2) in compliance with the requirements of the FD&C Act. Manufacturers of these tobacco products may submit a report under section 905(j)(1)(A)(i) demonstrating that their new tobacco product is substantially equivalent to a predicate tobacco product.

FDA has issued a guidance document containing recommendations for preparing substantial equivalence reports under section 905(j)(1)(A)(i). A tobacco product manufacturer must show that a new tobacco product is “substantially equivalent, within the meaning of section 910, to a tobacco product commercially marketed (other than for test marketing) in the United States as of February 15, 2007, or to a tobacco product that the Secretary has previously determined, pursuant to subsection (a)(3) of section 910, is substantially equivalent and that it is in compliance with the requirements of this Act” (section 905(j)(1)(A)(i) of the FD&C Act). The comparison product chosen by the tobacco product manufacturer is referred to by FDA as the predicate tobacco product.

For the purposes of 905(j)(1)(A)(i) substantial equivalence reports, the new tobacco product is compared to a predicate tobacco product in determining substantial

equivalence (section 910(a)(3)(A) of the FD&C Act). FDA interprets this to mean that a single predicate tobacco product should be used for comparison purposes, as FDA believes that a meaningful scientific comparison intended to determine whether the characteristics of the products are the same or are different but present no different questions of public health cannot be made between a new tobacco product and multiple predicate products.

The Food and Drug Administration (FDA) issued a final rule to deem products meeting the statutory definition of “tobacco product” to be subject to the Federal Food, Drug, and Cosmetic Act (FD&C Act). The FD&C Act provides FDA authority to regulate cigarettes, cigarette tobacco, roll-your-own tobacco, smokeless tobacco, and any other tobacco products that the Agency by regulation deems to be subject to the law. This final rule extends the Agency’s “tobacco product” authorities to all other categories of products that meet the statutory definition of “tobacco product” in the FD&C Act, except accessories of such newly deemed tobacco products. This final rule also prohibits the sale of "covered tobacco products" to individuals under the age of 18 and requires the display of health warnings on cigarette tobacco, roll-your own tobacco, and covered tobacco product packages and in advertisements. The rule also provides that manufacturers, distributors, importers, and retailers are responsible for ensuring that the covered tobacco products (in addition to cigarettes and smokeless tobacco) they manufacture, label, advertise, package, distribute, import, sell, or otherwise hold for sale comply with all applicable requirements. FDA is taking this action to reduce the death and disease from tobacco products.

2. Purpose and Use of the Information Collection

Two guidance documents are available to assist manufacturers in preparing their section 905(j)(1)(A)(i) substantial equivalence reports. The information collected under this provision of the FD&C Act will enable FDA to make the findings required by section 910(a)(2)(A)(i) of the FD&C Act, including determining if a new tobacco product (as defined by section 910(a)(1) of the FD&C Act) is substantially equivalent to a predicate tobacco product.

The respondents to this collection of information are private sector business and other for-profit institutions who manufacture tobacco products.

3. Use of Improved Information Technology and Burden Reduction

FDA has suggested that respondents to this collection of information submit their section 905(j)(1)(A)(i) substantial equivalence reports in an electronic format, although they may submit their report in paper, if needed. FDA estimates that based on its past experience with submittal of this type of information, approximately 99 percent of the respondents will submit the information in an electronic format.

4. Efforts to Identify Duplication and Use of Similar Information

This information collection is not duplicative. The FD&C Act is the only legislation that requires premarket review of new tobacco products and allows for the submission of reports intended to establish a new tobacco product's substantial equivalence to a predicate tobacco product. The FDA is the only Federal agency responsible for the collection of such premarket review information, and the primary Federal regulatory authority with respect to the manufacture, marketing, and distribution of tobacco products. Therefore, no duplication of data exists.

5. Impact on Small Businesses or Other Small Entities

The information submission requirements in section 905(j)(1)(A)(i) do not fall disproportionately upon small businesses. The FD&C Act allows for the submission of this information from all manufacturers of tobacco products. FDA is also allowing for the alternative submittal of reports for substantial equivalence in paper form for those individuals who are unable, or choose not, to submit in an electronic format. FDA continues to pursue means of reducing the reporting burden for both small and large respondents and will continue to employ the latest technology for receiving these submissions, consistent with the intent of the legislation.

FDA recently issued guidance entitled, "Demonstrating the Substantial Equivalence of a New Tobacco Product: Responses to Frequently Asked Questions." In that guidance, FDA is recommending that certain modifications might be addressed in either a "Same Characteristics SE Report" or "Product Quantity Change Report," which are more streamlined SE reports.

FDA aids small businesses in dealing with the information submission requirements of section 905(j)(1)(A)(i) of the FD&C Act by providing technical, nonfinancial assistance in submitting this information as required by section 901(f) of the FD&C Act.

6. Consequences of Collecting the Information Less Frequently

The Tobacco Control Act requires the submission of reports under section 905(j)(1)(A)(i) of the FD&C Act if the manufacturer of a new tobacco product wishes to demonstrate substantial equivalence to an existing predicate tobacco product. In its report, the manufacturer must show that its new tobacco product is substantially equivalent to a predicate tobacco product and that the product is also in compliance with the requirements of the FD&C Act. Collecting the information less frequently would not meet the FD&C Act premarket requirements for submission of substantial equivalence reports, and would mean that a manufacturer would need to submit a premarket application under section 910(b) of the FD&C Act.

Respondents to this collection of information include those manufacturers who wish to demonstrate that a new tobacco product is substantially equivalent to a predicate tobacco product. If this information were not collected, FDA would be unable to make the findings required by section 910(a)(2)(A)(i) of the FD&C Act in order for a new tobacco

product to enter the market. Instead, manufacturers would need to submit premarket applications under section 910(b) of the FD&C Act.

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

This section is not applicable. There are no special circumstances for this collection of information.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

As required by section 3506(c)(2)(B) of the Paperwork Reduction Act of 1995 (PRA), FDA provided an opportunity for public comment on the information collection requirements of the proposed rule that published in the FEDERAL REGISTER of April 25, 2014 (79 FR 23142). FDA has responded to the comments received in the preamble to the final rule, and the supporting statement for the Deeming information collections under OMB control number 0910-0768.

9. Explanation of Any Payment or Gift to Respondents

This information collection does not provide for any payment or gift to respondents.

10. Assurance of Confidentiality Provided to Respondents

Among the laws governing the disclosure of reports submitted under section 905(j)(1)(A) (i) of the FD&C Act are FOIA (5 U.S.C. 552) and FDA's implementing regulations under 21 CFR Part 20. Under FOIA, the public has broad access to agency records, unless the records (or a part of the records) are protected from disclosure by any of the law's nine exemptions.

11. Justification for Sensitive Questions

This information collection does not contain questions of a sensitive nature.

12. Estimates of Annualized Burden Hours and Costs

12a. Annualized Hour Burden Estimate

FDA estimates the burden for this information collection as follows:

Existing Burden
Table 1.--Estimated Annual Reporting Burden

Activity	Number. of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Full SE 905(j)(1)(A) (i) and 910(a)	75	1	75	300	22,500
Product Quantity Change SE Report	125	1	125	87	10,875
Same characteristics SE Report	100	1	100	47	4,700
Totals (Existing)					38,075

Deeming Burden

Table 2.--Estimated Annual Reporting Burden

Activity	No. of Respondents	No. of Responses per Respondent ²	Total Annual Responses	Average Burden per Response (in hours)	Total Hours
Full SE Initial Sections 905(j)(1)(A)(i) and 910(a) and § 25.40 Environmental Assessments:					
Cigar Manufacturers (Including Large, Small, and Importers)	168	1	168	300	50,400
Pipe and Waterpipe Tobacco Manufacturers (Including Importers)	151	1	151	300	45,300
Other Tobacco, E-Cigarettes, and Nicotine Product Manufacturers (ENDS and Delivery Systems (Including Importers))	16	1	16	300	4,800
Total Hours (sections 905(j)(1)(A)(i) and 910(a))					
					0
Full SE Bundled 905(j)(1)(A)(i) and 910(a) and § 25.40 Environmental Assessments:					
Cigar Manufacturers (Including Large, Small, and Importers)	151	1	151	90	13,590
Pipe and Water Tobacco Manufacturers (Including Importers)	83	1	83	90	7,470
Other Tobacco, E-Cigarettes, and Nicotine Product Manufacturers (ENDS and Delivery Systems (Including Importers))	16	1	16	90	1,440
Total Hours					
					22,500
Same Characteristics SE Report and § 25.40 Environmental Assessments:					
Cigar Manufacturers (Including Large, Small, and Importers)	285	1	285	47	13,395

Pipe and Waterpipe Tobacco Manufacturers (Including Importers)	132	1	132	47	6,204
Other Tobacco, E-Cigarettes, and Nicotine Product Manufacturers (ENDS and Delivery systems (Including Importers))	1	1	1	47	47
Total Same Characteristics					19,646
Product Quantity Change Initial and § 25.40 Environmental Assessments:					
Cigar Manufacturers (Including Large, Small, and Importers)	108	1	108	87	9,396
Pipe and Waterpipe Tobacco Manufacturers (Including Importers)	30	1	30	87	2,610
Other Tobacco, E-Cigarettes, and Nicotine Product Manufacturers (ENDS and Delivery systems (Including Importers))	1	1	1	87	87
Total Product Quantity Change Initial					0
Product Quantity Change Bundled and § 25.40 Environmental Assessments:					
Cigar Manufacturers (Including Large, Small, and Importers)	42	1	42	62	2,604
Pipe and Waterpipe Tobacco Manufacturers (Including Importers)	12	1	12	62	744

Other Tobacco, E-Cigarettes, and Nicotine Product Manufacturers (ENDS and Delivery systems (Including Importers))	1	1	1	62	62
Total Same Characteristics					0
Total Hours ("Reports Intended to Demonstrate the Substantial Equivalence of a New Tobacco Product")					158,149

²This number is estimated to be the total annual responses divided by the number of respondents, rounded to the nearest hundredth.

Final Burden
Table 3.--Estimated Annual Reporting Burden

Activity	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Full SE 905(j) (1)(A)(i) and 910(a)	410	1	410	300	123,000
Full SE 905(j) (1)(A)(i) and 910(a) Bundled	250	1	250	90	22,500
Product Quantity Change SE Report	264	1	264	87	22,968
Product Quantity Change Bundled SE Report	55	1	55	62	3,410
Same characteristics SE Report	518	1	518	47	24,346
Totals					0

The guidance document associated with this collection of information will contain recommendations on preparing reports intended to demonstrate substantial equivalence to a predicate tobacco product and compliance with the FD&C Act as required under section 905(j)(1)(A)(i). Submission of a section 905(j)(1)(A)(i) report intended to demonstrate substantial equivalence and, in response, an order from the Agency finding that the new tobacco product is substantially equivalent to a predicate tobacco product and in compliance with the requirements of the Act, is one means for a new tobacco product to legally enter the market. FDA also recently issued guidance entitled, “Demonstrating the Substantial Equivalence of a New Tobacco Product: Responses to Frequently Asked Questions.” In that guidance, FDA is recommending that certain modifications might be addressed in either a “Same Characteristics SE Report” or “Product Quantity Change Report,” which are more streamlined SE reports for certain changes that should be easier for manufacturers to prepare.

When groups of full or product quantity change substantial equivalence reports have identical content, they may be bundled; when a group of similar reports are bundled, the subsequent bundled reports are expected to take less time to prepare than the initial report.

FDA has based these estimates on information it now has available from interactions with the industry, information related to other regulated products, and FDA expectations regarding the tobacco industry’s use of the section 905(j) pathway to market their products. Table 3 describes the annual reporting burden as a result of the implementation of the substantial equivalence requirements of sections 905(j)(1)(A)(i) and 910(a) of the FD&C Act (21 U.S.C. 387j(a)) for an SE application.

Based on current information, FDA estimates that it will receive 300 section 905(j) reports each year. Of these 300 reports, FDA estimates that 75 of these reports will be “full” substantial equivalence (SE) reports that take a manufacturer approximately 300 hours to prepare.

FDA estimates that it will receive 518 Same Characteristics SE Reports and that it will take a manufacturer approximately 47 hours to prepare this report. FDA estimates that it will receive 264 Product Quantity Change SE Reports and that it will take a manufacturer approximately 87 hours to prepare this report.

FDA has based these estimates on the full analysis of economic impacts (Ref. 55) and experience with the existing information collection that applies to tobacco products currently subject to the FD&C Act (i.e., cigarettes, cigarette tobacco, roll-your-own tobacco, and smokeless tobacco). In addition, anyone submitting an SE report is required to submit an environmental assessment under § 25.40.

The burden for environmental reports has been included in the burden per response for each type of SE report.

FDA estimates that 410 respondents will prepare and submit 410 section 905(j)(1)(A)(i) Full SE Initial reports each year and that it will take a manufacturer approximately 300 hours per report to prepare the reports of substantial equivalence and environmental assessment for a new tobacco product for a total of 123,000 hours.

We estimate 250 Full SE Bundled Reports for a total of 22,500 hours. FDA estimates that we will receive 518 Same Characteristics SE Reports for a total of 24,346 hours. FDA estimates receiving 264 Initial Product Quantity Change reports for a total of 22,968 hours. We estimate receiving 55 Product Quantity Change Bundled SE reports for a total of 3,410 hours. Based on FDA's experience with environmental assessments (EAs) for currently regulated tobacco products, we expect industry to spend 80 hours to prepare an environmental assessment for a full SE Report, but less time to prepare an environmental assessment for shorter substantial equivalence reports.

Therefore, FDA estimates the burden for submission of SE information will be 197,124 hours.

12b. Annualized Cost Burden Estimate

FDA also notes that preparation of a request for substantial equivalence will involve life, physical, and social science occupations, architecture and engineering occupations, and legal occupations. FDA has estimated that the wage per hour adjusted for benefits and overhead, is \$86.20 per hour.

Type of Respondent	Total Burden Hours	Hourly Wage Rate	Total Respondent Costs
Tobacco manufacturers	196,224	\$86.20	\$16,914,509

FDA estimates the reporting cost to respondents is \$16,914,509. This figure was derived by multiplying the total reporting burden hours (196,224) by an hourly rate of \$86.20. This hourly rate is based on 2,080 annual work hours and an annual salary rate of \$179,296.

13. Estimates of Other Total Annual Costs to Respondents and/or Recordkeepers/Capital Costs

There are no additional capital costs associated with this collection of information.

14. Annualized Cost to the Federal Government

FDA anticipates that the Federal government will incur the following costs:

Staff Costs

Total annual cost to the Federal government = \$2,320,000

Full-time Equivalents (FTEs) = 20

Annual Cost per FTE=\$116,000

Annual Cost = \$2,320,000

15. Explanation for Program Changes or Adjustments

The new collections of information under this control number were previously submitted to OMB at the proposed rule stage under the deeming rule information collection (0910-0768). After discussions with OMB about the final rule submission, it was decided that the collections associated with existing control numbers would be submitted under their respective approvals.

The burden for this collection of information is expected to increase by 158,149 reporting hours due to an expected increase in the number of Tobacco respondents. This adjustment is a result FDA extending the Agency's "tobacco product" authorities in the FD&C Act to all other categories of products that meet the statutory definition of "tobacco product" in the FD&C Act, except accessories of such newly deemed tobacco products.

The estimated number of respondents will increase by 1207 (from 300 to 1507 respondents). The currently OMB approved burden estimate of 38,075 hours will increase by 159,149 hours to equal a total of 196,224 total burden hours.

Activity	Number. of respondents	Total annual responses	Average burden per response	Total hours
Full SE 905(j)(1) (A)(i) and 910(a) (Existing)	75	75	300	22,500
Full SE 905(j)(1) (A)(i) and 910(a) (New)	335	335	300	100,500
Full SE 905(j)(1) (A)(i) and 910(a) (Final)	410	410	300	123,000
Full SE 905(j)(1) (A)(i) and 910(a) Bundled (New/Final)	250	250	90	22,500
Product Quantity Change SE Report (Existing)	125	125	87	10,875
Product Quantity Change SE Report (New)	139	139	87	12,093
Product Quantity Change SE Report (Final)	264	264	87	22,968

Activity	Number. of respondents	Total annual responses	Average burden per response	Total hours
Full SE 905(j)(1) (A)(i) and 910(a) (Existing)	75	75	300	22,500
Product Quantity Change Bundled SE Report (New/Final)	55	55	62	3,410
Same characteristics SE Report (Existing)	100	100	47	4,700
Same characteristics SE Report (New)	418	418	47	19,646
Same characteristics SE Report (Final)	518	518	47	24,346
Totals				196,224

16. Plans for Tabulation and Publication and Project Time Schedule

FDA does not intend to publish the results of this information collection.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

FDA is not requesting an exemption from display of the OMB expiration date and is also not seeking OMB approval to exclude the expiration date for this information collection.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

No exceptions to the certification statement were identified.