

**Supporting Statement for Information Collection
Provisions of Rules and Regulations Under the
Fur Products Labeling Act
16 C.F.R. § 301
(OMB Control # 3084-0099)**

1. Necessity for Collecting the Information

The purpose of the Fur Products Labeling Act (“Fur Act” or “Act”), 15 U.S.C. §§ 69 *et seq.*, and its implementing Fur Act Rules and Regulations, 16 C.F.R. pt. 301 (“Fur Rules” or “Rules”), is to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs.¹

The sections of the Rules that provide for the collection of information fall into the following categories. These category designations will be used throughout this supporting statement.

Labeling and Invoicing

(*e.g.*, 16 C.F.R. §§ 301.2, 301.27, 301.29 and 301.37)

Section 301.2 generally provides that: “Each and every fur product . . . shall be labeled and invoiced in conformity with the requirements of the act and rules and regulations” (emphasis added); and, “[e]ach and every fur [*i.e.*, pelts] shall be invoiced in conformity with the requirements of the act and rules and regulations.”

The various rules require covered products to be labeled/invoiced in a prescribed manner to disclose: fur content, animal name, country of origin of imported furs, whether the product is composed of natural or dyed fur, name or registered identification number of the manufacturer or other marketer, and certain other related information. These rules merely implement provisions of the Fur Act. The disclosures are deemed necessary because they provide material information about the products. Lacking this information, potential purchasers could not make informed buying decisions.

Recordkeeping

(*e.g.*, 16 C.F.R. §§ 301.35, 301.41 and 301.44)

Section 8(d)(1) of the Fur Act states: “Every manufacturer or dealer in fur products or furs shall maintain proper records showing the information required by this Act with respect to all fur products or furs handled by him, and shall preserve such records for at least three years.” The various sections in this category merely implement this and other specific provisions of the Act. For example, Sections 301.35 and 301.41 require manufacturers and other marketers who

¹ The Fur Act states: “The Commission is authorized and directed to prescribe rules and regulations governing the manner and form of disclosing information required by this [Act], and such further rules and regulations as might be necessary to and proper for purposes of administration and enforcement of this [Act].” 15 U.S.C. § 69f(b).

substitute labels to maintain records, invoices, and other documents that will readily identify each fur and fur product and reflect all required information (*e.g.*, animal name, country of origin of imported fur, whether the product is dyed or natural, etc.). In addition, Section 301.44(e) requires retail furriers and others who make price savings claims in advertisements to maintain records disclosing the facts upon which the representations are based.

These recordkeeping requirements are necessary to establish a continuous line of product composition from raw material through sale of finished product in order substantiate representations about the fur product, and to support price savings claims made in advertisements.

Disclosure in Advertisements
(16 C.F.R. § 301.38)

Section 301.38, pursuant to Sections 3 and 5(a) of the Fur Act, requires manufacturers and other marketers of covered fur products to disclose certain information in advertising. The information must be disclosed in a prescribed manner and is necessary in order to properly inform prospective purchasers and avoid deception.

Petition for Exemption
(16 C.F.R. § 301.19)

Section 301.19 provides that processors (*e.g.*, dressers, dyers) of fur pelts are required to mark each pelt in a manner indicating whether it is natural or dyed. Subsection (k), however, allows an exemption for pelts that are always dyed or always natural and the pelts cannot be marked or stamped as the section requires. In this case, the processor may file an affidavit with the Commission requesting an exemption.

2. Use of the Information

Labeling and Invoicing

Potential purchasers, both consumers and businesses, rely upon the disclosed information to make informed buying decisions in the marketplace. Disclosure of company identification is used by the Commission for enforcement purposes, *i.e.*, to identify the manufacturer of a misbranded item. It is also used by other companies seeking to identify the manufacturer or distributor of a particular item for business purposes.

Recordkeeping

The information collected pursuant to the recordkeeping sections is used by manufacturers and other marketers of covered products to support claims made on labels and invoices, and to support price savings representations made in advertisements. The records may

be inspected by Commission staff for law enforcement purposes.

Advertising

Consumers and other potential purchasers rely upon disclosures contained in advertisements; these disclosures are necessary to preclude misinformation and misleading representations. The records may be inspected by Commission staff for law enforcement purposes.

Petition for Exemption

The Commission would use the information in the affidavit to determine whether the public interest would be served by allowing the exemption.

3. Consideration to Use Improved Information Technology to Reduce Burden

For the most part, the Rules merely set forth certain performance standards. For example, labels must disclose certain required information in a prescribed format; however, companies may avail themselves of any improved technology (*e.g.*, in the areas of mechanization, typesetting, and printing) in meeting these performance standards.

Disclosing fur content and other required information to consumers, however, requires labeling of fur products. As such, providing an option for electronic disclosure pursuant to the Government Paperwork Elimination Act, Pub. L. No. 105-277, Title XVII, 112 Stat. 2681-749 (GPEA), is impracticable. Nonetheless, the Rules comply with GPEA by permitting invoicing to be accomplished (*see* § 301.37) and necessary records to be kept (*see* §§ 301.35, 301.41, 301.44) without regard to format, so that a regulated entity, if it chooses, may conduct these activities electronically.

4. Efforts to Identify Duplication/Availability of Similar Information

There is no other Federal law or regulation that requires the collection of information contained in the Fur Act or the Rules.

The Act and the Rules were promulgated because companies were not voluntarily providing material product information in a meaningful, standardized format that facilitated informed buying decisions in the marketplace. It should be noted that the collection and recordkeeping provisions simply require retention of information which most covered companies would routinely retain in the normal course of business, and the recordkeeping burden for PRA purposes excludes records that would otherwise be kept in the normal course of business. 5 C.F.R. § 1320.3(b)(2).

5. Efforts to Minimize Burden on Small Businesses

There is no specific exemption or differential treatment for small organizations under

either the Fur Act or Rules. Small businesses (*e.g.*, retailers and dealers) can, however, rely on invoices and other information provided by the manufacturer or other sources in order to comply with the labeling, invoicing, advertising, and recordkeeping requirements of the Act. The Act, as amended in 2010 by the Truth in Fur Labeling Act (“TFLA”), and section 301.39 of the Rules provide a new exemption for furs sold directly by trappers and hunters to customers in certain face-to-face transactions.

6. Consequences of Conducting Collection Less Frequently

The disclosure of information required by the labeling and invoicing rules applies to each covered fur product in the marketplace. If disclosures were not required in every case, the objective of informing purchasers of material information would be defeated.

Recordkeeping requirements apply to manufacturers and those who substitute labels (*e.g.*, resellers) and require them to record and retain substantiation for the labeling claims made. Without such records, it would be impossible to trace the chain of fur content from raw material to finished product, which means that an important deterrent against misbranding would be removed.

Advertising disclosure requirements apply to all advertisements for fur products. Less frequent disclosure would impede the objective of preventing misinformation and misrepresentation.

7. Circumstances Requiring Collection Inconsistent with Guidelines

This collection of information is consistent with the guidelines contained in 5 C.F.R. § 1320.5.

8. Consultation Outside the Agency

Commission staff responsible for the administration and enforcement of these rules has had repeated contact with industry members and their trade associations, such as the Fur Information Council of America. Based on recurring contacts with covered companies and the FTC’s own experience (*e.g.*, from conducting routine compliance investigations), Commission staff concludes that: companies are aware of the Rules; they are aware that the FTC will freely provide copies of the Fur Act and Rules and additional explanatory materials upon request; and they consider the Rules to be clear and reasonable.

As it has in the past, Commission staff sought public comment in connection with its latest PRA clearance request for these Rules, in accordance with 5 C.F.R. § 1320.8(d). *See* 86 Fed. Reg. 29,581 (June 2, 2021). No germane comments were received. Consistent with 5 C.F.R. § 1320.12(c), it is doing so again contemporaneously with this submission.

9. Payments or Gifts to Respondents

Not applicable.

10. & 11. Assurances of Confidentiality and Matters of a Sensitive Nature

The records involved do not concern matters of a sensitive nature.

12. Burden Estimate

Estimated annual hours burden: 303,001 hours (50,100 hours for recordkeeping + 252,901 hours for disclosure).

Recordkeeping: The Fur Rules require that retailers, manufacturers, processors, and importers of furs and fur products keep certain records in addition to those they may keep in the ordinary course of business. Staff estimates that 950 retailers incur an average recordkeeping burden of about 18 hours per year (17,100 hours total); 75 manufacturers incur an average recordkeeping burden of about 60 hours per year (4,500 hours total); and 950 importers of furs and fur products incur an average recordkeeping burden of 30 hours per year (28,500 hours total). The combined recordkeeping burden for the industry is approximately 50,100 hours annually.

Disclosure: Staff estimates that 1,025 respondents (75 manufacturers + 950 retail sellers of fur garments) each require an average of 30 hours per year to determine label content (30,750 hours total), and an average of 30 hours per year to draft and order labels (30,750 hours total). Staff estimates that the total number of garments subject to the fur labeling requirements annually is approximately 3,680,000.² Staff estimates that for approximately 50 percent of these garments (1,840,000) labels are attached manually, requiring approximately four minutes per garment for a total of 122,667 hours annually. For the remaining 1,840,000, the process of attaching labels is semi-automated and requires an average of approximately one minute per item, for a total of 30,667 hours. Thus, the total burden for attaching labels is 153,334 hours, and the total burden for labeling garments is 61,500 hours per year (30,750 hours to determine label content + 30,750 hours to draft and order labels).

Staff estimates that the incremental burden associated with the Fur Rules' invoice disclosure requirement, beyond the time that would be devoted to preparing invoices in the absence of the Rules, is approximately one minute per invoice for pelts.³ The invoice disclosure requirement applies to fur pelts, which are generally sold in groups of at least 1100, on average. Based on information from the Fur Industry Council of America, staff estimates total sales of 4,450,000 pelts annually. Thus, the invoice disclosure requirement entails an estimated total burden of 67 hours (4,046 total invoices x one minute).

Staff estimates that the Fur Rules' advertising disclosure requirements impose an average burden of 40 hours per year for each of the approximately 950 domestic fur retailers, or a total of 38,000 hours.

² The total number of imported fur garments, fur-trimmed garments, and fur accessories is estimated to be approximately 3,500,000 based on industry data. Estimated domestic production totals 180,000.

³ The invoice disclosure burden for PRA purposes excludes the time that respondents would spend for invoicing, apart from the Fur Rules, in the ordinary course of business. See 5 C.F.R. § 1320.3(b)(2).

Thus, staff estimates the total disclosure burden to be approximately 252,901 hours [(214,834 hours for labeling + 67 hours for invoices + 38,000 hours for advertising)].

Estimated annual cost burden: \$5,194,259 (solely relating to labor costs). The chart below summarizes the total estimated costs.

Task	Hourly Rate	Burden Hours	Labor Cost
Determine label content	\$ 30.00	30,750	\$922,500
Draft and order labels	\$ 19.00	30,750	\$584,250
Attach labels	\$ 13.00 ⁴	122,667	\$1,594,671
Invoice disclosures	\$ 14.00	67	938
Prepare advertising disclosures	\$ 30.00	38,000	1,140,000
Recordkeeping	\$ 19.00	50,100	951,900
TOTAL			\$5,194,259

13. Estimated Capital or Other Non-Labor Costs

Staff believes that there are no current start-up costs or other capital costs associated with the Fur Rules. Because the labeling of fur products has been an integral part of the manufacturing process for decades, manufacturers have in place the capital equipment necessary to comply with the Rules' labeling requirements. Industry sources indicate that much of the information required by the Fur Act and Rules would be included on the product label even absent the Rules. Similarly,

⁴ Per industry sources, most fur labeling is done in the United States. This rate is reflective of an average domestic hourly wage for such tasks performed in the United States, which is derived from recent Bureau of Labor statistics.

invoicing, recordkeeping, and advertising disclosures are tasks performed in the ordinary course of business so that covered firms would incur no additional capital or other non-labor costs as a result of the Act or the Rules.

14. Estimated Cost to the Federal Government

Staff estimates that a representative year's cost of administering the rule during the 3-year clearance period sought will be approximately \$50,000. Attorney, clerical, and other support staff costs are included in this estimate, as are employee benefits.

15. Program Changes or Adjustments

There is an upward adjustment in estimated annual burden hours from 249,541 hours (2018) to 303,001 hours (2021). The total annual cost burden on industry is also adjusted upward from \$5,105,813 (2018) to \$5,194,259 (2021).

16. Statistical Use of Information

There are no plans to publish any information for statistical use.

17. Display of Expiration Date for OMB Approval

Not applicable.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

Not applicable.