

Supporting Statement
Power Output Claims for Amplifiers Utilized in Home
Entertainment Products 16 C.F.R. Part 432 (Control Number: 3084-0105)

The Federal Trade Commission (“FTC” or “Commission”) requests approval for a three-year extension of an existing clearance relating to the testing and disclosure requirements under the Trade Regulation Rule on Power Output Claims for Amplifiers Utilized in Home Entertainment Products (“Amplifier Rule” or “Rule”), 16 CFR Part 432. There is no change in the disclosure requirements.

(1) Necessity for Collecting the Information

Before the Federal Trade Commission issued the Amplifier Rule in 1974, the affected industry had been engaged in what was referred to as the “War of the Watts,” during which manufacturers and retailers were making misleading power output claims. When the Commission initially proposed the Rule on January 12, 1971, there were at least seven commonly used methods of determining amplifier wattage ratings, all of which would yield different results.

Thus, on November 4, 1974, the Federal Trade Commission issued the Amplifier Rule, which assists consumers by standardizing the measurement and disclosure of power output, distortion, and the associated power bandwidth and impedance ratings of amplifiers in stereos and other home entertainment equipment. By requiring uniform power output disclosures in the advertising of audio equipment, the Rule makes it easier for consumers to make comparisons, including price comparisons, among the many types and brands of audio equipment. The Rule also specifies the test conditions to be used in order to make the requisite disclosures.

(2) Use of the Information

Consumers use the information to compare different brands and types of audio equipment and to intelligently shop for the best price.

(3) Consideration of the Use of Improved Information Technology to Reduce Burden

Consistent with the aims of the Government Paperwork Elimination Act, Pub. L. No. 105-277, § 1704, 12 Stat. 2681-749, 44 U.S.C. § 3504 note, regulated entities may use any information technology available, so long as the disclosures the Rule requires appear in advertisements and promotional materials.

(4) Efforts to Identify Duplication/Availability of Similar Information

In issuing the Rule, the Commission determined that information concerning the power performance characteristics of amplifiers was not being made available to consumers in a clear

and uniform manner. There is no other federal or state regulation that requires these disclosures.

(5) Efforts to Minimize Burden on Small Businesses

Although the Rule applies to retailers, some of which are small, the burden is minimal. Manufacturers supply the disclosures directly to retailers, without cost. The only costs that retailers incur are associated with advertising the product, which would occur anyway in the ordinary course of business.

(6) Consequences of Conducting Collection Less Frequently

The Rule requires a power output disclosure whenever a representation is made about any of four performance characteristics of home audio equipment: power output, power band, power frequency, or distortion characteristics. In addition, whenever a representation is made about any of the aforementioned four performance characteristics in any product brochure or manufacturer specification sheet, the Rule also requires disclosures of total rated harmonic distortion and the associated power bandwidth and impedance ratings. These disclosures are necessary to effectuate the purpose of the Rule – to give consumers the necessary information to make informed decisions regarding the purchase of audio equipment.

(7) Circumstances Requiring Collection Inconsistent With Guidelines

The collections of information in the Rule are consistent with all applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2).

(8) Consultation Outside the Agency

On January 19, 2024, the Commission sought public comment in connection with its latest Paperwork Reduction Act clearance request for this Rule. See 89 Fed. Reg. 3,658. No germane comments were received. The Commission is seeking comments again contemporaneous with this submission.

(9) Payments or Gifts to Respondents

Not Applicable.

(10) & (11) Assurances of Confidentiality/Matters of a Sensitive Nature

There are no recordkeeping or reporting requirements in the Rule. Accordingly, confidentiality issues and issues involving questions of a sensitive nature are not involved.

(12) Hours Burden and Associated Labor Costs

Estimated annual hours of burden: 462 hours (308 testing hours; 154 disclosure hours).

The Rule's provisions require manufacturers making certain amplifier power output-related claims to test the power output in accordance with a specified FTC protocol. The Commission staff estimates that approximately 308 new models of covered products¹ (i.e., amplifiers, receivers, and amplifier-integrated devices typically marketed to consumers with amplifier power output-related claims) come on the market each year. High fidelity manufacturers routinely conduct performance tests on these new models prior to sale. Because manufacturers conduct such tests, the Rule imposes no additional costs except to the extent that the FTC protocol is more time-consuming than alternative testing procedures. In this regard, a warm-up period that the Rule requires before measurements are taken may add approximately one hour to the time testing would otherwise entail. Thus, staff estimates that the Rule imposes approximately 308 hours (1 hour x 308 new models) of added testing burden annually.

In addition, the Rule requires disclosures if a seller makes a triggering power output-related claim for a covered product in an advertisement, specification sheet, or product brochure. This requirement does not impose any additional costs on sellers because, absent the Rule, media advertisements, as well as manufacturer specification sheets and product brochures, would contain a power specification obtained using an alternative to the Rule-required testing protocol. The Rule, however, also requires disclosure of harmonic distortion, power bandwidth, and impedance ratings in manufacturer specification sheets and product brochures that might not otherwise be included.

Staff assumes that manufacturers produce one specification sheet and one brochure each year for each new model. The burden of disclosing the harmonic distortion, bandwidth, and impedance information on the specification sheets and brochures is limited to the time needed to draft and review the language pertaining to these specifications. Staff estimates the time involved for this task to be a maximum of fifteen minutes (or 0.25 hours) for each new specification sheet or brochure for a total of 154 hours (derived from [(308 new models x 1 specification sheet) + (308 new models x 1 brochure)] x 0.25 hours for each specification sheet or brochure). The total annual burden imposed by the Rule, therefore, is approximately 462 burden hours for testing and disclosures.

¹ Staff estimates 2,500 models of amplifiers or amplifier-integrated devices are sold in the U.S. each year and that approximately 2,050 models are marketed with amplifier power output-related claims that would subject them to the Rule's requirements. Of these 2,050 models, staff estimates approximately 80% or 1,640 of the models have nominally new model numbers but only 15% or 308 of the models require new testing and disclosures because the products are either entirely new or have significant changes from their prior iteration.

Estimated annual labor cost burden: \$28,019.

Generally, electronics engineers perform the testing of amplifiers. Staff estimates a labor cost of \$17,131 for such testing (308 hours for testing x \$55.62 mean hourly wages). Staff assumes advertising or promotions managers prepare the disclosures contained in product brochures and manufacturer specification sheet and estimates a labor cost of \$10,888 (154 hours for disclosures x \$70.70 mean hourly wages). Accordingly, staff estimates the total labor costs associated with the Rule to be approximately \$28,019 per year (\$17,131 for testing + \$10,888 for disclosures).²

(13) Estimated Annual Capital and/or Other Non-labor Related Costs

The Rule imposes no capital or other non-labor costs because its requirements are incidental to testing and advertising done in the ordinary course of business.

(14) Estimated Cost to Federal Government

Staff estimates that the current year fiscal cost of administering this requirement is approximately \$10,000. This estimate includes attorney, economist, and other support costs.

(15) Changes in Burden

The burden hours are adjusted upward from 450 per year in 2021 to 462 per year in 2024. The estimated annual labor cost went up from \$26,130 in 2021 to \$28,019 in 2024.

(16) Statistical Use of Information

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

(17) Display of the Expiration Date for OMB Approval

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov and at 16 C.F.R. 1.101. There are no government forms or other documents upon which display of the control number and expiration date would be appropriate.

(18) Exceptions to the Certification for Paperwork Reduction Act Submissions

Not applicable.

² The wage rates for electronics engineers and advertising and promotions managers are based on recent data from the Bureau of Labor Statistics Occupational Employment Statistics Survey at <https://www.bls.gov/news.release/ocwage.htm>.