

**Supporting Statement for Information Collection
Provisions of Rules and Regulations Under the
Fur Products Labeling Act
16 CFR Part 301
(OMB Control # 3084-0099)**

This is a request for approval of a three-year extension of the existing clearance for the collection of information under the FTC's Fur Act Rules and Regulations, 16 CFR part 301 ("Fur Rules" or "Rules"), which implement the Fur Products Labeling Act, 15 U.S.C. 69 *et seq.* ("Fur Act" or "Act"). There is no change in the information collection.

1. Necessity for Collecting the Information

The purpose of the Fur Act and the FTC's Fur 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 CFR 301.2, 301.27, 301.29, and 301.37)

Section 301.2 generally provides that: (1) "[e]ach and every fur product . . . shall be **labeled** and **invoiced** in conformity with the requirements of the act and rules and regulations" (emphasis added); and (2) "[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: (1) the fur content; (2) the animal name; (3) the country of origin of imported furs; (4) whether the product is composed of natural or dyed fur; (5) the name or registered identification number of the manufacturer or other marketer; and (6) 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. Without this information, potential purchasers cannot make informed buying decisions.

Recordkeeping

(*e.g.*, 16 CFR 301.35, 301.41, and 301.44)

¹ The Fur Act states that "[t]he 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).

Section 8(d)(1) of the Fur Act states that “[e]very 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 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 to substantiate representations about the fur product, and to support price savings claims made in advertisements.

Disclosure in Advertisements (16 CFR 301.38)

In accordance with Sections 3 and 5(a) of the Fur Act, Section 301.38 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 CFR 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. Paragraph (k) of Section 301.19, 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

Pursuant to the recordkeeping sections, the information collected 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 FTC 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 FTC 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* 16 CFR 301.37) and necessary records to be kept (*see* 16 CFR 301.35, 301.41, and 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 CFR 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 an 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 CFR 1320.5.

8. Consultation Outside the Agency

FTC staff responsible for the administration and enforcement of the 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), FTC staff concludes that: (1) companies are aware of the Rules; (2) companies are aware that the FTC will freely provide copies of the Fur Act and Rules and additional explanatory materials upon request; and (3) companies consider the Rules to be clear and reasonable.

As it has in the past, FTC staff sought public comment in connection with its latest PRA clearance request for these Rules, in accordance with 5 CFR 1320.8(d). *See* 89 FR 20970 (Mar. 26, 2024). No germane comments were received. Consistent with 5 CFR 1320.12(c), FTC staff 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: 180,639 hours (45,720 hours for recordkeeping + 134,919 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. FTC staff estimates that: (1) 500 retailers incur an average recordkeeping burden of about 18 hours per year (9,000 hours total); (2) 137 manufacturers incur an average recordkeeping burden of about 60 hours per year (8,220 hours total); and (3) 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 45,720 hours annually.

Disclosure: FTC staff estimates that 637 respondents (137 manufacturers + 500 retail sellers of fur garments) each require an average of 30 hours per year to determine label content (19,110 hours total), and an average of 30 hours per year to draft and order labels (19,110 hours total). FTC staff estimates that the total number of garments subject to the fur labeling requirements annually is approximately 1,840,000.² FTC staff estimates that for approximately 50 percent of these garments (920,000) labels are attached manually, requiring approximately four minutes per garment for a total of 61,333 hours annually. For the remaining 920,000, the process of attaching labels is semi-automated and requires an average of approximately one

² This estimate is half the prior estimate. FTC staff bases this estimate on an assessment that the overall market for fur products appears to have halved. For example, the number of fur retailers has declined from 950 to 500. The total number of imported fur garments, fur-trimmed garments, and fur accessories is 3,562,242 annually based on U.S. government import statistics for Harmonized Tariff Schedule (HTS) Number 4303. However, this figure includes many products that contain fur but are not covered by the Fur Act and Rules, such as rabbit feet, or purses with fur. Estimated domestic production totals 90,000.

minute per item, for a total of 15,333 hours. Thus, the total burden for attaching labels is 76,666 hours, and the total burden for labeling garments is 38,220 hours per year (19,110 hours to determine label content + 19,110 hours to draft and order labels).

FTC 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 1,100, on average. Based on information from the Fur Industry Council of America, FTC staff estimates total sales of 2,156,491 pelts annually. Thus, the invoice disclosure requirement entails an estimated total burden of 33 hours (1,960 total invoices × one minute).

FTC staff estimates that the Fur Rules' advertising disclosure requirements impose an average burden of 40 hours per year for each of the approximately 500 domestic fur retailers, or a total of 20,000 hours.

Thus, FTC staff estimates the total disclosure burden to be approximately 134,919 hours [(114,886 hours for labeling + 33 hours for invoices + 20,000 hours for advertising)].

Estimated Annual Cost Burden: \$3,750,855 (rounded to the nearest whole dollar amount). The chart below summarizes the total estimated costs.⁴

Task	Hourly Rate	Burden Hours	Labor Cost
Determine label content	\$32.99 ⁵	19,110	\$630,438.90
Draft and order labels	\$22.57 ⁶	19,110	\$431,312.70
Attach labels	\$13.00 ⁷	76,666	\$996,658.00
Invoice disclosures	\$22.57 ⁸	33	\$744.81

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 CFR 1320.3(b)(2).

⁴ The hourly wage rates are updated from the 60-Day *Federal Register* Notice, which was published in the *Federal Register* on March 26, 2024 (89 FR 20970), and now is based on data through May 2023 from the Bureau of Labor Statistics Occupational Employment Statistics Survey at <https://www.bls.gov/news.release/ocwage.htm> (released on Apr. 3, 2024).

⁵ The wage rate for supervisors of office and administrative support workers is based on data through May 2023 from the Bureau of Labor Statistics Occupational Employment Statistics Survey at <https://www.bls.gov/news.release/ocwage.htm> (Apr. 3, 2024).

⁶ The wage rate for correspondence clerks is based on recent data from the Bureau of Labor Statistics Occupational Employment Statistics Survey at <https://www.bls.gov/news.release/ocwage.htm>.

⁷ 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 BLS statistics.

⁸ See *supra* note **Error! Bookmark not defined.**

Prepare advertising disclosures	\$32.99 ⁹	20,000	\$659,800.00
Recordkeeping	\$22.57 ¹⁰	45,720	\$1,031,900.40
TOTAL			\$3,750,854.81

13. Estimated Capital or Other Non-Labor Costs

FTC 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, 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

FTC 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

Due to a decrease in the number of respondents, there is a decrease in the estimated annual burden hours (303,001 hours in 2021 and 180,639 hours in 2024). For the same reason, there is also a decrease in the total annual cost burden on the industry (\$5,194,259 in 2021 and \$3,750,855 in 2024).

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.

⁹ See *supra* note Error! Bookmark not defined..

¹⁰ See *supra* note Error! Bookmark not defined..