



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 26, 2010

H.R. 2480 **Truth in Fur Labeling Act of 2010**

As ordered reported by the House Committee on Energy and Commerce on July 15, 2010

H.R. 2480 would require products that contain a small quantity of fur to comply with provisions of current law that prohibit false or misleading branding, advertising, or invoicing of fur products. Currently, products containing a small quantity of fur, as defined by the Federal Trade Commission (FTC), are exempt from the labeling requirements. The bill also would exempt products containing fur obtained by trapping or hunting and sold in a face-to-face transaction from the labeling requirements. The FTC would be required to develop regulations to carry out those new requirements.

Based on information from the FTC, CBO expects that developing and enforcing the new regulations would impose a minimal cost on the agency; therefore, CBO estimates that implementing H.R. 2480 would not significantly increase spending subject to appropriation. Enacting H.R. 2480 could increase civil and criminal penalties and thus would affect federal revenues and direct spending; therefore, pay-as-you-go procedures would apply. However, CBO estimates that such effects would not be significant in any year.

H.R. 2480 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 2480 would impose private-sector mandates, as defined in UMRA, on manufacturers of fur products, fur-trimmed products, and fur accessories. The bill would expand existing labeling requirements for products containing animal fur to include items using relatively small amounts of animal fur. The labels include information about the name of the animal used, manufacturer, country of origin, and other information. According to information from the FTC, about 140,000 products—less than 14 percent of the market—would be affected by the mandate, and the incremental cost of compliance would be low. Therefore, CBO estimates that the aggregate cost of the mandates would fall well below the annual threshold for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and Marin Randall (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.