

Small Batch Manufacturers Fact Sheet

The intent of this fact sheet is to provide guidance to SGIA members as they implement the provisions of the Consumer Product Safety Information Act (CPSIA), as administered by the Consumer Product Safety Commission (CPSC). The information contained in this document should not be construed as legal advice. As new information becomes available, this fact sheet will be updated. Currently, the CPSC has issued four proposed rules. SGIA is in the process of developing and submitting comments on the relevant proposals.

What is a Small Batch Manufacturer?

A manufacturer would be considered a qualifying small batch manufacturer if both the income and product limits are met.

To qualify as a small batch manufacturer, total gross revenues, in the previous calendar year (e.g., calendar year 2011 sales to qualify for calendar year 2012), from the sale of all consumer products must be \$1 million or less. The term "consumer products" includes both children's products and non-children's products. Revenues from non-consumer products, like food, drugs, and other items not regulated by the CPSC, are not included in this revenue figure. However, revenues from the sale of consumer products by any business the registering company controls, is controlled by or with which the company falls under common control must be included in this threshold.

Under the qualified product limit, no more than 7,500 units of the same consumer product may be manufactured per calendar year.

It is important to recognize that, while the manufacturer may qualify based on the product limitation, the manufacturer must also consider gross revenues from all consumer products sold in that calendar year. This exemption must be reconfirmed annually.

I meet the requirements and qualify, what do I need to do?

As a qualified small batch manufacturer, you will be required to register with the CPSC on an annual basis. Registration for calendar year 2012 is expected to open in December 2011. Check back for more details regarding this registry, as the CPSC anticipates the registry will be up and running prior to the expiration of the stay of enforcement on December 31, 2011.

Are small batch manufacturers currently required to third-party test their children's products in order to certify compliance to applicable regulations?

The answer to this question is not a simple yes or no. It depends on the children's product and the materials used to manufacture that product.

Small batch manufacturers will **always** be required to third-party test for compliance with certain children's product safety rules. For our industry sector, third party testing will always be required to certify testing with the Lead in Paint Standard.

Qualifying small batch manufacturers are **not** required to third-party test for compliance with other children's product safety rules. For our industry sector, this exempts small batch manufacturers from testing for phthalate content and lead in non-metal children's products.

Does a qualifying small batch manufacturer have to issue a certificate of conformity?

Yes. A small batch manufacturer must always certify its children's products as compliant with the underlying children's product safety rules, as applicable to each product.

For products tested under the Lead in Paint standard, the small batch manufacturer must base its General Conformity Certificate (GCC) on third-party testing performed by a CPSC-accepted lab, including third-party testing or a certificate of conformity provided by a component part supplier. (See SGIA Fact Sheet on Component-Part Testing.)

For products that would require testing for either the phthalate content limit or lead content in non-metal children's products, a qualifying small batch manufacturer does not have to issue a GCC based on third-party testing, but still needs to issue a GCC based on first-party testing, a reasonable testing program or a GCC provided by a component-part supplier.

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