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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 948

[Doc. No. AMS-FV-14-0092; FV15-948-1 FIR]

**Irish Potatoes Grown in Colorado; Relaxation of the
Handling Regulation for Area No. 3**

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Affirmation of interim rule as final rule.

SUMMARY: The Department of Agriculture (USDA) is adopting, as a final rule, without change, an interim rule implementing a recommendation from the Colorado Potato Administrative Committee, Area No. 3 (Committee) that relaxed the minimum quantity exception for potatoes handled under the Colorado potato marketing order, Area No. 3 (order). The Committee locally administers the order and is comprised of producers and handlers of potatoes operating within the production area. This rule increases the quantity of potatoes that may be handled under the order without regard to the order's handling regulation requirements from 1,000 to 2,000 pounds. This action is expected to benefit producers and handlers.

DATES: Effective [INSERT DATE 1 DAY AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Sue Coleman, Marketing Specialist, or Gary D. Olson, Regional Director, Northwest Marketing Field Office, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA; Telephone: (503) 326-2724, Fax: (503) 326-7440, or E-mail: Sue.Coleman@ams.usda.gov or GaryD.Olson@ams.usda.gov.

Small businesses may obtain information on complying with this and other marketing order and agreement regulations by viewing a guide at the following website: <http://www.ams.usda.gov/MarketingOrdersSmallBusinessGuide>; or by contacting Jeffrey Smutny, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250-0237; Telephone: (202) 720-2491, Fax: (202) 720-8938, or E-mail: Jeffrey.Smutny@ams.usda.gov.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement No. 97 and Order No. 948, both as amended (7 CFR part 948), regulating the handling of Irish potatoes grown in Colorado, hereinafter referred to as the "order." The order is effective under the Agricultural

Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the "Act."

The Department of Agriculture (USDA) is issuing this rule in conformance with Executive Orders 12866, 13563, and 13175.

The handling of Colorado Area No. 3 potatoes is regulated by 7 CFR part 948. Prior to this change, the minimum quantity exception for potatoes was 1,000 pounds.

The Committee unanimously recommended increasing the minimum quantity exception to be consistent with the approximate weight of one pallet of potatoes. The recommendation was made at the request of producers and handlers who wanted greater flexibility in distributing smaller quantities of potatoes. Therefore, this rule continues in effect the rule that relaxed the quantity of potatoes that may be handled without regard to the requirements of § 948.387(a) and (b) of the order from 1,000 to 2,000 pounds.

In an interim rule published in the **Federal Register** on January 22, 2015, and effective on January 23, 2015, (80 FR 3140, Doc. No. AMS-FV-14-0092; FV15-948-1 IR), § 948.387(f) was amended by increasing the minimum quantity from 1,000 to 2,000 pounds of potatoes.

Final Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612), the Agricultural Marketing Service (AMS) has considered the economic impact of this action on small entities. Accordingly, AMS has prepared this final regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf.

There are approximately 6 handlers of Colorado Area No. 3 potatoes subject to regulation under the order and approximately 6 producers in the regulated production area. Small agricultural service firms are defined by the Small Business Administration (SBA) as those having annual receipts of less than \$7,000,000, and small agricultural producers are defined as those having annual receipts of less than \$750,000 (13 CFR 121.201).

During the 2013-2014 fiscal period, the most recent for which statistics are available, 663,025 hundredweight

of Colorado Area No. 3 potatoes were inspected under the order and sold into the fresh market. The USDA Market News Service reported a 2013-2014 average f.o.b. price of \$10.70 per hundredweight. Multiplying \$10.70 by the shipment quantity of 663,025 hundredweight yields a shipping point revenue estimate of \$7,094,368. The average annual fresh potato revenue for each of the 6 Colorado Area No. 3 potato handlers is therefore calculated to be approximately \$1,182,395 (\$7,094,368 divided by 6), which is less than the SBA threshold of \$7,000,000. In view of the foregoing, the majority of Colorado Area No. 3 potato handlers may be classified as small entities.

In addition, based on information provided by the National Agricultural Statistics Service, the average producer price for the 2013 Colorado fall potato crop was \$7.25 per hundredweight. Multiplying \$7.25 by the shipment quantity of 663,025 hundredweight yields an annual crop revenue estimate of \$4,806,931. The average annual fresh potato revenue for each of the 6 Colorado Area No. 3 potato producers is therefore calculated to be approximately \$801,155 (\$4,806,931 divided by 6), which is greater than the SBA threshold of \$750,000. Consequently, on average,

most of the Colorado Area No. 3 potato producers may not be classified as small entities.

This rule continues in effect the action that relaxed the quantity of potatoes that may be handled without regard to the requirements of § 948.387(a) and (b) of the order from 1,000 to 2,000 pounds. Authority for the establishment and modification of a minimum quantity exception is provided in § 948.22(b)(2) of the order. This rule amends the provisions in § 948.387(f).

This action is not expected to increase the costs associated with the order's requirements. Rather, it is anticipated that this change will have a beneficial impact. The Committee believes it will provide greater flexibility in the distribution of small quantities of potatoes. Currently, the distribution of potatoes between 1,000 and 2,000 pounds requires an inspection and certification that the product conforms to the grade, size, and maturity requirements of the order. This translates into a cost for handlers of both time and inspection fees, which is high in relation to the small value (approximately \$214.00 per pallet) of these transactions. This action will allow shipments of up to 2,000 pounds of potatoes without regard to the order's handling requirements and the related costs.

The benefits for this rule are expected to be equally available to all fresh potato producers and handlers, regardless of their size.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the order's information collection requirements have been previously approved by the Office of Management and Budget (OMB) and assigned OMB No. 0581-0178 (Generic Vegetable and Specialty Crops). No changes in those requirements as a result of this action are necessary. Should any changes become necessary, they would be submitted to OMB for approval.

This rule will not impose any additional reporting or recordkeeping requirements on either small or large Colorado Area No. 3 potato handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. In addition, USDA has not identified any relevant Federal rules that duplicate, overlap or conflict with this rule.

Further, the Committee's meeting was widely publicized throughout the Colorado Area No. 3 potato industry and all interested persons were invited to attend the meeting and participate in Committee deliberations. Like all Committee

meetings, the May 14, 2014, meeting was a public meeting and all entities, both large and small, were able to express their views on this issue.

Comments on the interim rule were required to be received on or before March 23, 2015. One comment was received during the comment period in response to the proposal. The commenter opposed the proposed relaxation. The recommendations made by the commenter were to withdraw the change or to increase the exemption to 20,000 pounds. An increase of the minimum quantity exception to 20,000 pounds would eliminate the need for the order, which is not the recommendation of the industry. Also, this action was initiated from a unanimous recommendation of the Committee, which represents a cross-section of the Colorado Area No. 3 potato industry. Accordingly, no changes will be made to the rule.

To view the interim rule, go to:

<http://www.regulations.gov/#!docketDetail;D=AMS-FV-14-0092>

This action also affirms information contained in the interim rule concerning Executive Orders 12866, 12988, 13175, and 13563; the Paperwork Reduction Act (44 U.S.C. Chapter 35); and the E-Gov Act (44 U.S.C. 101).

After consideration of all relevant material presented, it is found that finalizing the interim rule, without change, as published in the **Federal Register** (80 FR 3140, January 22, 2015) will tend to effectuate the declared policy of the Act.

List of Subjects in 7 CFR Part 948

Marketing agreements, Potatoes, Reporting and recordkeeping requirements.

Accordingly, the interim rule that amended 7 CFR part 948 and that was published at 80 FR 3140 on January 22, 2015, is adopted as a final rule, without change.

Dated: May 21, 2015

Rex A. Barnes
Associate Administrator
Agricultural Marketing Service

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