



DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 958

[Doc. No. AMS-FV-15-0027; FV15-958-1 IR]

Onions Grown in Certain Designated Counties in Idaho, and Malheur County, Oregon; Decreased Assessment Rate

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim rule with request for comments.

SUMMARY: This rule implements a recommendation from the Idaho-Eastern Oregon Onion Committee (Committee) for a decrease in the assessment rate established for the 2015-2016 and subsequent fiscal periods from \$0.10 to \$0.05 per hundredweight of onions handled under the marketing order (order). The Committee locally administers the order and is comprised of producers and handlers of onions operating within the area of production. Assessments upon onion handlers are used by the Committee to fund reasonable and necessary expenses of the program. The fiscal period begins July 1 and ends June 30. The assessment rate will remain in effect indefinitely unless modified, suspended, or terminated.

DATES: Effective [INSERT DATE 1 DAY AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Comments received by [INSERT DATE 60 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER], will be considered prior to issuance of a final rule.

ADDRESSES: Interested persons are invited to submit written comments concerning this rule. Comments must be sent to the Docket Clerk, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250-0237; Fax: (202) 720-8938; or Internet: <http://www.regulations.gov>. Comments should reference the document number and the date and page number of this issue of the **Federal Register** and will be available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed at: <http://www.regulations.gov>. All comments submitted in response to this rule will be included in the record and will be made available to the public. Please be advised that the identity of the individuals or entities submitting the comments will be made public on the internet at the address provided above.

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 request information on complying with this regulation 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. 130 and Order No. 958, both as amended (7 CFR part 958), regulating the handling of onions grown in designated counties in Idaho, and Malheur County, Oregon, 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.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the marketing order now in effect, Idaho-Eastern Oregon onion handlers are subject to assessments. Funds to administer the order are derived

from such assessments. It is intended that the assessment rate as issued herein will be applicable to all assessable onions beginning July 1, 2015, and continue until amended, suspended, or terminated.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with USDA a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. Such handler is afforded the opportunity for a hearing on the petition. After the hearing, USDA would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This rule decreases the assessment rate established for the Committee for the 2015-2016 and subsequent fiscal periods from \$0.10 to \$0.05 per hundredweight of onions.

The Idaho-Eastern Oregon onion marketing order provides authority for the Committee, with the approval of USDA, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The members of the Committee are producers and handlers of Idaho-Eastern Oregon onions. They are familiar with the Committee's needs and with the costs for goods and services in their local area and are thus in a position to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting. Thus, all directly affected persons have an opportunity to participate and provide input.

For the 2005-2006 and subsequent fiscal periods, the Committee recommended, and USDA approved, an assessment rate that would continue in effect from fiscal period to fiscal period unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other information available to USDA. The Committee met on April 21, 2015, and recommended 2015-2016 expenditures of \$705,473 and an assessment rate of \$0.05 per hundredweight of onions. Ten Committee members voted for this change, one voted against, and there were no abstentions.

In comparison, last year's budgeted expenditures were \$1,173,944. The assessment rate of \$0.05 is \$0.05 lower than the rate currently in effect. The Committee's recommendation was in response to a request from handlers and growers to reduce promotion expenditures from \$635,000 to \$250,000, and to allow handlers to keep \$0.05 per hundredweight to spend on their own branded promotions.

The major expenditures recommended by the Committee for the 2015-2016 year include \$6,000 for committee expenses, \$115,412 for salary expenses, \$67,810 for travel/office expenses, \$466,251 for domestic and export promotions and production research expenses, and \$50,000 for marketing order contingency. Budgeted expenses for these items in 2014-2015 were \$6,000, \$112,124, \$107,810, \$898,010, and \$50,000, respectively.

The Committee based its recommended assessment rate decrease on the 2015-2016 crop estimates, the 2015-2016 program expenditure needs, and the current and projected size of its monetary reserve. The Committee estimated onion shipments for 2015-2016 at 8,800,000 hundredweight which should provide \$440,000 in assessment income. Income derived from handler assessments, along with contributions (\$7,000), interest income (\$1,750), other income \$(5,000), grant income (\$34,500), and funds from the Committee's

authorized reserve (\$217,223), should be adequate to cover budgeted expenses. The Committee estimates that its operating reserve will be approximately \$340,344 at the end of the 2015-2016 fiscal period. Funds in the reserve will be kept within the maximum permitted by the order of approximately one fiscal year's operational expenses (\$958.44).

The assessment rate established in this rule will continue in effect indefinitely unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate is effective for an indefinite period, the Committee will continue to meet prior to or during each fiscal period to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or USDA. Committee meetings are open to the public and interested persons may express their views at these meetings. USDA will evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking will be undertaken as necessary. The Committee's 2015-2016 budget

and those for subsequent fiscal periods will be reviewed and, as appropriate, approved by USDA.

Initial 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 rule on small entities. Accordingly, AMS has prepared this initial regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of businesses 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 250 producers of onions in the production area and approximately 31 handlers subject to regulation under the marketing order. Small agricultural producers are defined by the Small Business Administration as those having annual receipts less than \$750,000, and small agricultural service firms are defined as those whose annual receipts are less than \$7,000,000 (13 CFR 121.201).

According to the National Agricultural Statistics Service, as reported in the *Vegetables 2014 Summary*, the

total F.O.B. value of onions in the regulated production area for 2014 was \$100,951,000. Based on an industry estimate of 31 handlers, the average value of onions handled per handler is \$3,256,484, well below the SBA threshold for defining small agricultural service firms. In addition, based on an industry estimate of 250 producers, the average F.O.B. value of onions produced in the production area is \$403,804 per producer. Therefore, it can be concluded that the majority of handlers and producers of Idaho-Eastern Oregon onions may be classified as small entities.

This rule decreases the assessment rate established for the Committee and collected from handlers for the 2015-2016 and subsequent fiscal periods from \$0.10 to \$0.05 per hundredweight of onions handled. The Committee recommended 2015-2016 expenditures of \$705,473 and an assessment rate of \$0.05 per hundredweight. The assessment rate of \$0.05 is \$0.05 lower than the 2014-2015 rate. The quantity of assessable onions for the 2015-2016 fiscal period is estimated at 8,800,000 hundredweight. Thus, the \$0.05 rate should provide \$440,000 in assessment income. Assessment income, along with interest and other income, contributions and grants, and funds from the Committee's authorized reserve (\$217,223), should be adequate to cover budgeted expenses of \$705,473.

The major expenditures recommended by the Committee for the 2015-2016 year include \$6,000 for committee expenses, \$115,412 for salary expenses, \$67,810 for travel/office expenses, \$466,251 for program expenses, and \$50,000 for marketing order contingency. Budgeted expenses for these items in 2014-2015 were \$6,000, \$112,124, \$107,810, \$898,010, and \$50,000, respectively.

The Committee's recommendation to decrease the assessment was in response to a request from handlers and growers to reduce promotion expenditures from \$635,000 to \$250,000 and to allow handlers to keep \$0.05 per hundredweight to spend on their own branded promotions.

Prior to arriving at this budget and assessment rate, the Committee considered information from various sources, such as the Committee's Executive, Research, Export, and Promotion Sub-Committees, grower associations, and industry leaders. Alternative expenditure levels were discussed by these groups, based upon the relative value of various activities to the onion industry. The Committee ultimately determined that income derived from handler assessments, along with interest and other income, contributions and grants, and funds from the Committee's authorized reserve will be adequate to cover 2015-2016 budgeted expenses of \$705,473.

A review of historical information and preliminary information pertaining to the upcoming fiscal period indicates that the producer price for the 2015-2016 fiscal period could range between \$8.00 and \$8.50 per hundredweight of onions. Utilizing these estimates and the assessment rate of \$0.05 per hundredweight, estimated assessment revenue as a percentage of total grower revenue could range between 0.59 and 0.63 percent for the 2015-2016 fiscal period.

This action decreases the assessment obligation imposed on handlers. Assessments are applied uniformly on all handlers, and some of the costs may be passed on to producers. However, decreasing the assessment rate reduces the burden on handlers, and may reduce the burden on producers. In addition, the Committee's meeting was widely publicized throughout the Idaho-Eastern Oregon onion industry and all interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. Like all Committee meetings, the April 21, 2015, meeting was a public meeting and all entities, both large and small, were able to express views on this issue. Finally, interested persons are invited to submit comments on this interim rule, including the regulatory and informational impacts of this action on small businesses.

Paperwork Reduction Act

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, 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 action imposes no additional reporting or recordkeeping requirements on either small or large Idaho-Eastern Oregon onion 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.

AMS is committed to complying with the E-Government Act, to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this rule.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and

orders may be viewed at:

<http://www.ams.usda.gov/MarketingOrdersSmallBusinessGuide>.

Any questions about the compliance guide should be sent to Jeffrey Smutny at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant material presented, including the information and recommendation submitted by the Committee and other available information, it is hereby found that this rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect, and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because: (1) The 2015-2016 fiscal period begins on July 1, 2015, and the marketing order requires that the rate of assessment for each fiscal period apply to all assessable onions handled during such fiscal period; (2) the action decreases the assessment rate for assessable onions beginning with the 2015-2016 fiscal period; (3) handlers are aware of this action which was recommended by the Committee at a public meeting; and (4) this interim rule

provides a 60-day comment period, and all comments timely received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 958

Marketing agreements, Onions, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 958 is amended as follows:

PART 958 - ONIONS GROWN IN CERTAIN DESIGNATED COUNTIES IN IDAHO, AND MALHEUR COUNTY, OREGON

1. The authority citation for 7 CFR part 958 continues to read as follows:

Authority: 7 U.S.C. 601-674.

2. Section 958.240 is revised to read as follows:

§ 958.240 Assessment rate.

On and after July 1, 2015, an assessment rate of \$0.05 per hundredweight is established for Idaho-Eastern Oregon onions.

Dated: August 13, 2015

Rex A. Barnes
Associate Administrator
Agricultural Marketing Service
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Date: 8/19/2015]