at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

A 30-day comment period is provided to allow interested persons to respond to this proposed rule. Thirty days is deemed appropriate because: (1) The 2016–17 marketing year begins on September 1, 2016, and the marketing order requires that the rate of assessment for each marketing year apply to all assessable walnuts handled during the year; and (2) handlers are aware of this action, which was unanimously recommended by the Board at a public meeting and is similar to other assessment rate actions issued in past years.

List of Subjects in 7 CFR Part 984

Marketing agreements, Nuts, Reporting and recordkeeping requirements, Walnuts.

For the reasons set forth in the preamble, 7 CFR part 984 is proposed to be amended as follows:

PART 984—WALNUTS GROWN IN CALIFORNIA

■ 1. The authority citation for 7 CFR part 984 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. Section 984.347 is revised to read as follows:

§ 984.347 Assessment rate.

On and after September 1, 2016, an assessment rate of $0.0465 per kernel weight pound is established for California merchantable walnuts.

Dated: September 12, 2016.

Elanor Starmer,

Administrator, Agricultural Marketing Service.

[FR Doc. 2016–22249 Filed 9–15–16; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 984

[Doc. No. AMS–SC–16–0053, SC–16–984–1 PR]

Walnuts Grown in California; Proposed Amendment to Marketing Order

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule invites public comments on a proposed amendment to Marketing Order No. 984, which regulates the handling of walnuts grown in California. The California Walnut Board (Board), which is responsible for the local administration of the order and is comprised of walnut producers and handlers operating within the production area, recommended an amendment that would authorize the Board to borrow from a commercial lending institution to fund operations and marketing/research expenses. Allowing the Committee to utilize this customary business practice would provide flexibility for the Board while increasing its effectiveness.

DATES: Comments must be received by November 15, 2016.

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, Specialty Crops 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 proposal 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: Geronimo Quinones, Marketing Specialist, or Michelle P. Sharrow, Rulemaking Branch Chief, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; 1400 Independence Avenue SW., Stop 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Geronimo.Quinones@ams.usda.gov* or *Michelle.Sharrow@ams.usda.gov.*

Small businesses may request information on complying with this regulation by contacting Antoinette Carter, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW., STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Antoinette.Carter@ams.usda.gov.*

SUPPLEMENTARY INFORMATION: This proposal is issued under Marketing Order No. 984, as amended (7 CFR part 984), regulating the handling of walnuts grown in California, 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 proposal has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect.

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.

Section 1504 of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) (Pub. L. 110–246) amended section 18c(17) of the Act, which in turn required the addition of supplemental rules of practice to 7 CFR part 900 (73 FR 49307; August 21, 2008). The additional supplemental rules of practice authorize the use of informal rulemaking (5 U.S.C. 553) to amend Federal fruit, vegetable, and nut marketing agreements and orders. USDA may use informal rulemaking to amend marketing orders based on the nature and complexity of the proposed amendments, the potential regulatory and economic impacts on affected entities, and any other relevant matters.

AMS has considered these factors and has determined that the amendment proposal is not unduly complex and the nature of the proposed amendment is appropriate for utilizing the informal rulemaking process to amend the order. A discussion of the potential regulatory and economic impacts on affected entities is discussed later in the ''Initial Regulatory Flexibility Analysis'' section of this rule.

The proposed amendment was unanimously recommended by the Board following deliberations at a public meeting held on February 19,

2016. Currently, the order does not allow the Board to borrow funds from a commercial lending institution. Allowing the Board to utilize this customary business practice would help to improve administration of the order by providing it with the means for ensuring continuity of operations when its obligations are greater than available assessment revenue and reserve funds.

Proposal—Borrowing From a Commercial Lending Institution

Section 984.69 of the order, Assessments, authorizes the Board to collect assessments from handlers to administer the program.

This proposal would provide the Board with authority to borrow from a commercial lending institution during times of cash shortages. In the past, the Board has utilized reserve funds collected through handler assessments, to help finance the advertising/marketing program. However, due to the increased size of the domestic advertising program; relying on reserve funds as a means to meet obligations would make the program unsustainable in the long term. History shows, the most costly part of the program runs during the first six months of the marketing year and those expenditures must be paid by mid-year. Since the payments must be made before all assessment fees are invoiced and collected, a cash shortage may occur during the year. Authorizing the Board to borrow from a commercial lending institution would help manage and sustain the program during times of low income while also ensuring continuity of operations.

Therefore, for the reasons stated above, it is proposed that § 984.69, Assessments, be amended by adding a new paragraph that would provide the Board with authority to borrow from a commercial lending institution when no other funding is available.

Initial Regulatory Flexibility Analysis

Pursuant to the 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 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 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 5,700 growers of California walnuts in the production area and approximately 90 handlers subject to regulation under the marketing order. The Small Business Administration (SBA) defines small agricultural producers as those having annual receipts of less than $750,000, and small agricultural service firms are defined as those having annual receipts of less than $7,500,000. (13 CFR 121.201)

According to USDA's National Agricultural Statistics Service's (NASS's) 2012 Census of Agriculture, approximately 86 percent of California's walnut farms were smaller than 100 acres. Further, NASS reports that the average yield for 2014 was 1.97 tons per acre, and the average price received for 2014 was $3,230 per ton.

A 100-acre farm with an average yield of 1.97 tons per acre would therefore have been expected to produce about 197 tons of walnuts during 2014–15 marketing year. At $3,230 per ton, that farm's production would have had an approximate value of $636,310. Since Census of Agriculture information indicates that the majority of California's walnut farms are smaller than 100 acres, it could be concluded that the majority of the growers had receipts of less than $636,310 in 2014–15, which is well below the SBA threshold of $750,000. Thus, the majority of California's walnut growers would be considered small growers according to SBA's definition.

According to information supplied by the Board, approximately two-thirds of California's walnut handlers shipped merchantable walnuts valued under $7,500,000 during the 2014–15 marketing year; and would, therefore, be considered small handlers according to the SBA definition.

The proposed rule would authorize the Board to borrow from commercial lending institutions. This would help to ensure continuity in operations.

The Board reviewed and identified the most costly portion of its domestic advertising program. That portion of the program operates during the first six months of the Board's marketing year and costs must be paid by mid-year. Since assessment revenues are collected throughout the marketing year, not enough is on hand when these large payments are due. In the past, the Board has used reserve funds to help pay for marketing and advertising expenses. However, due to the increased size of the advertising program, the Board cannot rely on reserve funds to cover the costs. Based on this fact, the Board believes the program could become unsustainable in the long term.

While this action could result in a temporary increase in handler assessment costs, these increases would be small and uniform on all handlers and proportional to the size of their businesses. These costs are expected to be offset by the benefits derived from a sustained marketing and advertising program. Additionally, these costs would help to ensure that the Board has sufficient funds to meet its financial obligations. Such stability is expected to allow the Board to conduct a program that would benefit all entities, regardless of size. California walnut producers should see an improved business environment and a more sustainable business model because of the improved business efficiency.

Alternatives were considered to this proposal, including making no change at this time. However, the Board believes it would be beneficial to have the means and funds necessary to effectively administer the program.

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 proposed rule would impose no additional reporting or recordkeeping requirements on either small or large California walnut 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.

The Board's meeting was widely publicized throughout the California walnut production area. All interested persons were invited to attend the meeting and encouraged to participate in Board deliberations on this issue. Like all Board meetings, the February 19, 2016, meeting was public, and all entities, both large and small, were encouraged to express their views on the proposal.

Finally, interested persons are invited to submit comments on the proposed amendment to the order, including comments on the regulatory and informational impacts of this action on small businesses.

Following analysis of any comments received on the proposed amendment, AMS will evaluate all available information and determine whether to proceed. If appropriate, a proposed rule and referendum order would be issued, and producers would be provided the opportunity to vote for or against the proposed amendment. Information about the referendum, including dates and voter eligibility requirements, would be published in a future issue of the **Federal Register**. A final rule would then be issued to effectuate the amendment if favored by producers participating in the referendum.

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 action. 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 Antoinette Carter at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

General Findings

The findings hereinafter set forth are supplementary to the findings and determinations which were previously made in connection with the issuance of the marketing order; and all said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

1. The marketing order as hereby proposed to be amended, and all of the terms and conditions thereof, would tend to effectuate the declared policy of the Act;

2. The marketing order as hereby proposed to be amended regulates the handling of walnuts grown in California and is applicable only to persons in the respective classes of commercial and industrial activity specified in the marketing order;

3. The marketing order as hereby proposed to be amended is limited in application to the smallest regional production area which is practicable, consistent with carrying out the declared policy of the Act, and the issuance of several orders applicable to subdivisions of the production area would not effectively carry out the declared policy of the Act;

4. The marketing order as hereby proposed to be amended prescribes, insofar as practicable, such different terms applicable to different parts of the production area as are necessary to give due recognition to the differences in the production and marketing of walnuts produced or packed in the production area; and

5. All handling of walnuts produced or packed in the production area as defined in the marketing order is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects such commerce.

A 60-day comment period is provided to allow interested persons to respond to the proposal. Any comments received on the amendment proposed in this rule will be analyzed, and if AMS determines to proceed based on all the information presented, a producer referendum would be conducted to determine producer support for the proposed amendment. If appropriate, a final rule would then be issued to effectuate the amendment favored by producers participating in the referendum.

List of Subjects in 7 CFR Part 984

Marketing agreements, Nuts, Reporting and recordkeeping requirements, Walnuts.

For the reasons set forth in the preamble, 7 CFR part 984 is proposed to be amended as follows:

PART 984—WALNUTS GROWN IN CALIFORNIA

■ 1. The authority citation for 7 CFR part 984 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. Amend § 984.69 by redesignating paragraph (d) as (e) and adding a new paragraph (d) to read as follows:

§ 984.69 Assessments.

* * * * *

(d) To provide funds for the administration of the provisions of this part during the part of a fiscal period when neither sufficient operating reserve funds nor sufficient revenue from assessments on the current season's certifications are available, the Board may accept payment of assessments in advance or may borrow money from a commercial lending institution for such purposes.

* * * * *

Dated: September 12, 2016.

Elanor Starmer,

Administrator, Agricultural Marketing Service.

[FR Doc. 2016–22247 Filed 9–15–16; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Parts 989 and 999

[Doc. No. AMS–SC–16–0065; SC16–989–2 PR]

Raisins Produced From Grapes Grown in California and Imported Raisins; Removal of Language

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule invites comments on a recommendation by the Raisin Administrative Committee (Committee) to the remove the term ''midget'' from the minimum grade standards of the California raisin marketing order (order). The marketing order regulates the handling of raisins produced from grapes grown in California, and is administered locally by the Committee. Recently, the U.S. Standards for Grades of Processed Raisins (standards) were amended to remove the word ''midget.'' The proposed change would make the marketing order consistent with the amended standards. Furthermore, this rule would make a corresponding change to the raisin import regulation as required by the Agricultural Marketing Agreement Act of 1937, as amended, when changes are made to the size, grade, maturity, or quality requirements of the order.

DATES: Comments must be received by October 17, 2016.

ADDRESSES: Interested persons are invited to submit written comments concerning this proposal. Comments must be sent to the Docket Clerk, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW., STOP 0237, Washington, DC 20250–0237; Fax: (202) 720–8938; or Internet: *http://www.regulations.gov.* All comments should reference the docket number and the date and page number of this issue of the **Federal Register** and will be made available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed on the Internet at: *http://www.regulations.gov.* All comments submitted in response to this proposal