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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 956

[Docket No. FV98–956–2 PR]

Sweet Onions Grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon; Increased Assessment Rate

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This rule would increase the assessment rate established for the Walla Walla Sweet Onion Committee (Committee) under Marketing Order No. 956 for the 1998–99 and subsequent fiscal periods from $0.19 to $0.21 per 50-pound bag or equivalent of onions handled. The Committee is responsible for local administration of the marketing order which regulates the handling of sweet onions grown in portions of Walla Walla County, Washington, and Umatilla County, Oregon. Authorization to assess Walla Walla Sweet Onion handlers enables the Committee to incur expenses that are reasonable and necessary to administer the program. The fiscal period begins June 1 and ends May 31. The assessment rate would remain in effect indefinitely unless modified, suspended, or terminated.

DATES: Comments must be received by May 8, 1998.

ADDRESSES: Interested persons are invited to submit written comments concerning this rule. Comments must be sent to the Docket Clerk, Fruit and Vegetable Programs, AMS, USDA, room 2525–S, PO Box 96456, Washington, DC 20090–6456; Fax: (202) 205–6632. Comments should reference the docket 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.

FOR FURTHER INFORMATION CONTACT: Robert J. Curry, Northwest Marketing Field Office, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, 1220 SW Third Avenue, room 369, Portland, Oregon 97204–2807; telephone: (503) 326–2724, Fax: (503) 326–7440; or George Kelhart, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, room 2525–S, PO Box 96456, Washington, DC 20090–6456; telephone: (202) 720–2491, Fax: (202) 205–6632. Small businesses may request information on compliance with this regulation by contacting Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, room 2525–S, PO Box 96456, Washington, DC 20090–6456; telephone: (202) 720–2491, Fax: (202) 205–6632.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement and Order No. 956 (7 CFR part 956), regulating the handling of sweet onions grown in the Walla Walla Valley of southeast Washington and northeast 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 (Department) is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the order now in effect, Walla Walla Sweet Onion handlers are subject to assessments. Funds to administer the order are derived from such assessments. It is intended that the assessment rate proposed herein would be applicable to all assessable sweet onions beginning on June 1, 1998, and continue until amended, suspended, or terminated. This rule would not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule.

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 the Secretary 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 the Secretary 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 the Secretary'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 would increase the assessment rate established for the Committee for the 1998–99 and subsequent fiscal periods from $0.19 per 50-pound bag or equivalent to $0.21 per 50-pound bag or equivalent of Walla Walla Sweet Onions handled.

The order provides authority for the Committee, with the approval of the Department, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The Committee consists of six producer members, three handler members and one public member, each of whom is 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 budget and assessment rate were discussed at a public meeting and all directly affected persons had an opportunity to participate and provide input.

For the 1996–97 and subsequent fiscal periods, the Committee recommended, and the Department approved, an assessment rate that would continue in effect from fiscal period to fiscal period unless modified, suspended, or terminated by the Secretary upon recommendation and information submitted by the Committee or other information available to the Secretary.

The Committee met on February 17, 1998, and unanimously recommended 1998–99 expenditures of $97,272. In a vote with six favoring, three opposing, and one abstaining, the Committee recommended an assessment rate of $0.21 per 50-pound bag or equivalent handled during the 1998–99 and subsequent fiscal periods. The Committee estimated that the 1998 sweet onion crop will approximate 463,200 50-pound bags or equivalents of onions. In comparison, the 1997–98 fiscal period budget was established at $126,682 with an estimated assessable poundage of 667,750 50-pound bags or equivalents of sweet onions. In an effort to partially offset the loss of assessment income due to the more conservative 1998 crop estimate, the Committee recommended the $0.02 increase.

In both the 1996 and 1997 seasons, the actual quantity of assessable sweet onions produced for the fresh market was less than the Committee had estimated for the purpose of establishing the respective budgets. Actual assessment income earned during the 1997–98 fiscal period was approximately $30,000 less than was estimated for the 1997–98 budget, and for the 1996–97 fiscal period, actual assessment income was approximately $26,000 less than was budgeted. For the 1998–99 fiscal period, the Committee made its 1998 assessable crop estimate based on a lower average yield per acre than was used during the past two seasons. Based on a reported 772 acres planted, the Committee is anticipating a 1998 harvest averaging 600 50-pound bags or equivalents per acre. Thus, the 1998–99 fiscal period budget is formulated based on a crop estimate of 463,200 50-pound bags or equivalents of Walla Walla Sweet Onions. If the assessment rate is not increased from the 1997–98 fiscal period rate of $0.19, funds would fall approximately $9,264 short of 1998–99 fiscal period budgeted expenses, and this is not acceptable to a majority of the Committee. The members opposed believed that the assessment rate should be increased more than $0.02 per 50-pound bag or equivalent, so more funds could be earmarked for promotion and paid advertising. The public member abstained because of his desire to remain neutral on these issues.

After much discussion, the major expenditures recommended by the Committee for the 1998–99 fiscal period include $43,890 for administration, $10,000 for production research, $35,890 for market promotion including paid advertising, and $4,500 for marketing order compliance. Budgeted expenses for these items in the 1997–98 fiscal period were $41,700, $15,000, $51,000, and $9,000, respectively.

The Committee based its recommended assessment rate increase on the 1998 crop estimate and its estimate of 1998–99 fiscal period expenditures, including administrative costs and desired research and promotion projects. The Committee also took into consideration the impact an increase in the assessment rate would have on producers and handlers. The increased assessment rate should provide $97,272 in income which would be adequate to cover budgeted expenses. In the event the 1998 assessable sweet onion crop falls short of anticipated yields, the Committee estimates it will have approximately $25,000 in its operating reserve at the beginning of the 1998–99 fiscal period (June 1, 1998), which should be adequate to cover any assessment shortages. This amount is within the maximum permitted by the order of approximately two fiscal period's budgeted expenses (§ 956.44).

The proposed assessment rate would continue in effect indefinitely unless modified, suspended, or terminated by the Secretary upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate would be in effect for an indefinite period, the Committee would 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 the Department and are locally published. Committee meetings are open to the public and interested persons may express their views at these meetings. The Department would evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking would be undertaken as necessary.

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this rule on small entities. Accordingly, the AMS has prepared this initial 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. Thus, both statutes have small entity orientation and compatibility.

There are approximately 60 producers of Walla Walla Sweet Onions in the production area and approximately 35 handlers subject to regulation under the order. Small agricultural producers have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts less than $500,000, and small agricultural service firms are defined as those whose annual receipts are less than $5,000,000. The majority of Walla Walla Sweet Onion producers and handlers may be classified as small entities.

This rule would increase the assessment rate established for the Committee and collected from handlers for the 1998–99 and subsequent fiscal periods from $0.19 per 50-pound bag or equivalent to $0.21 per 50-pound bag or equivalent of Walla Walla Sweet Onions handled. The Committee unanimously recommended 1998–99 expenditures of $97,272, and, with 6 members favoring, 3 members opposing and 1 member abstaining, recommended the $0.21 per 50-pound bag or equivalent assessment rate. The proposed assessment rate is $0.02 higher than the rate currently in effect. The Committee recommended an increased assessment rate to help offset the smaller projected crop of assessable sweet onions in 1998. The anticipated crop of 463,200 50-pound bags or equivalents is approximately 30 percent less than each of the 1996 and 1997 crops. The $0.21 rate should provide $97,272 in assessment income and be adequate to meet 1998–99 fiscal period expenses.

The Committee discussed alternatives to this proposed rule, including alternative expenditure and assessment levels. The Committee discussed various alternative expenditure levels for promotion, production research, and marketing order compliance. Further, the Committee discussed various levels of assessment from the current $0.19 to as much as $0.25 per 50-pound bag or equivalent of sweet onions. Action was taken by the Committee on a motion to increase the assessment rate by $0.01. The vote failed to carry a majority, however, since a $0.01 increase would not have adequately funded desired expenditures. The members opposed believed that the assessment rate should be increased more than $0.02 per 50-pound bag or equivalent, so more funds could be dedicated to promotion and paid advertising. The public member abstained because of his desire to remain neutral on these issues.

After much discussion, the major expenditures recommended by the Committee for the 1998–99 fiscal period include $43,000 for administration, $10,000 for production research, $35,890 for market promotion including paid advertising, and $4,500 for marketing order compliance. Budgeted expenses for these items in the 1997–98 fiscal period were $41,700, $15,000, $51,000, and $9,000, respectively.

Recent price information indicates that producer prices for all sizes and grades of Walla Walla Sweet Onions for the 1998 shipping season will range between $4.50 and $12.00 per 50-pound bag or equivalent. Thus, the estimated assessment revenue for the 1998–99 fiscal period as a percentage of total producer revenue would range between 0.017 and 0.046 percent.

This action would increase the assessment obligation imposed on handlers. While assessments impose some additional costs on handlers, the costs are minimal and uniform on all handlers. Some of the additional costs may be passed on to producers. However, these costs would be offset by the benefits derived by the operation of the order. In addition, the Committee's meeting was widely publicized throughout the Walla Walla Sweet 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 February 17, 1998, 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 information on the regulatory and informational impacts of this action on small businesses.

This proposed rule would impose no additional reporting or recordkeeping requirements on either small or large Walla Walla Sweet 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.

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

A 30-day comment period is provided to allow interested persons the opportunity to respond to this request for information and comments. Thirty days is deemed appropriate because: (1) The Committee needs to have sufficient funds to pay its expenses which are incurred on a continuous basis; (2) the 1998–99 fiscal period begins on June 1, 1998, and the order requires that the rate of assessment for each fiscal period apply to all assessable sweet onions handled during such fiscal period; and (3) handlers are aware of this action which was recommended by the Committee at a public meeting and is similar to other assessment rate actions issued in past years.

List of Subjects in 7 CFR Part 956

Sweet onions, Marketing agreements, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 956 is proposed to be amended as follows:

PART 956—SWEET ONIONS GROWN IN THE WALLA WALLA VALLEY OF SOUTHEAST WASHINGTON AND NORTHEAST OREGON

1. The authority citation for 7 CFR part 956 continues to read as follows:

Authority: 7 U.S.C. 601–674.

2. Section 956.202 is proposed to be revised to read as follows:

§ 956.202 Assessment rate.

On and after June 1, 1998, an assessment rate of $0.21 per 50-pound bag or equivalent is established for Walla Walla Sweet Onions.

Dated: April 2, 1998.

Robert C. Keeny,

Deputy Administrator, Fruit and Vegetable Programs.

[FR Doc. 98–9200 Filed 4–7–98; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Parts 1710 and 1714

Prioritizing the Queue for Hardship Rate and Municipal Rate Loans to Electric Borrowers

AGENCY: Rural Utilities Service, USDA.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Rural Utilities Service (RUS) makes hardship rate and municipal rate loans to electric borrowers who meet certain statutory requirements. All applications from borrowers for these loans are usually considered for approval on a first-come first-served basis. RUS now has a significant shortfall between the total dollar amount of qualified applications and loan authority for both hardship rate and municipal rate loans. This shortfall has resulted in long waits in the queues for loan approval. RUS is considering making changes to its administrative procedures to prioritize the applications for hardship rate and municipal rate loans, separately, in order to offer these loans to borrowers in greater need of assistance before offering them to other borrowers in the loan queues.

DATES: Written comments must be received by RUS or bear a postmark or equivalent not later than May 8, 1998.

ADDRESSES: Submit written comments to F. Lamont Heppe, Jr., Director, Program Development and Regulatory Analysis, U.S. Department of Agriculture, Rural Utilities Service, Stop 1522, 1400 Independence Avenue, SW, Washington, DC 20250–1522. RUS requires, in hard copy, a signed original and 3 copies of all comments (7 CFR 1700.30(e)). Comments will be available for public inspection during regular business hours (7 CFR 1.27(b)).

FOR FURTHER INFORMATION CONTACT: Alex M. Cockey, Jr., Deputy Assistant Administrator—Electric Program, U.S. Department of Agriculture, Rural Utilities Service, Stop 1560, 1400 Independence Avenue, SW., Washington, DC 20250–1560. Telephone: 202–720–9545. FAX: 202–690–0717.

SUPPLEMENTARY INFORMATION:

Background

Under section 305(c) of the Rural Electrification Act of 1936, as amended (RE Act), RUS makes insured electric loans at either a 5 percent hardship rate or a municipal rate to borrowers engaged primarily in providing retail electric service in rural areas. The criteria and related procedures for making these loans are codified primarily in 7 CFR part 1714. Under current practice, applications from borrowers for either hardship rate or municipal rate loans that meet the eligibility criteria are usually considered for approval on a first-come first-served basis, as provided in 7 CFR 1710.119(a).

The administrative procedure of processing hardship and municipal rate loans on a first-come first-served basis has worked reasonably well when there have been sufficient appropriations to process all or nearly all the loan applications during the fiscal year. When appropriations are adequate, no borrower eligible for these loans has to wait more than a few months to receive financing. Under those circumstances it makes less difference in terms of meeting needs for financing and protecting the government's loan security interests if a more needy borrower has to wait in the loan queue a few months longer than a less needy borrower. But when appropriations become inadequate to finance all hardship and municipal rate loans pending during the year, it becomes even more of a problem if borrowers with greater need for financing must wait several months longer than other borrowers in the queue with lesser need.

The substantial need for RUS loan funds to improve and maintain reliable rural electric infrastructure, coupled with fiscally limited loan authority, have more recently left RUS with a significant shortfall between the total dollar amount of qualified applications and loan authority. Based on loan applications currently on hand and those projected to come in during the