

Proposed Rules

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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

Commodity Credit Corporation

7 CFR Part 1485

Agreements for the Development of Foreign Markets for Agricultural Commodities

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Proposed rule.

SUMMARY: This rule proposes to amend the regulations applicable to the Market Access Program (MAP) authorized by section 203 of the Agricultural Trade Act of 1978. This proposed rule would incorporate into the MAP allocation process the level of export contributions made by U.S. industry participants; authorize reimbursement of certain travel expenses for brand participants and certain necessary packaging and labeling design expenses; extend the activity payment deadline following the end of an activity plan year; establish a 5-year limit, per country, on CCC assistance for brand promotion by single companies; and permit reimbursement to participants based upon issuance of a credit memo as an alternative to a transfer of funds.

DATES: Written comments must be received by March 27, 1998 to be assured of consideration.

ADDRESSES: Comments should be submitted to: Kent Sisson, Director, Marketing Operations Staff, Foreign Agricultural Service, United States Department of Agriculture, 1400 Independence Avenue, SW., Ag Box 1042, Room 4932S, Washington, DC 20250-1042. Fax: (202) 720-9361.

FOR FURTHER INFORMATION CONTACT: Kent Sisson or Denise Fetters at (202) 720-4327.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This proposed rule is issued in conformance with Executive Order 12866. It has been determined that this proposed rule would not have an annual

economic effect in excess of \$100 million; would not cause a major increase in costs to consumers, individual industries, Federal, State, or local government agencies, or geographic regions; and would not have an adverse effect on competition, employment, investment, productivity, innovation, or the ability of U.S.-based enterprises to compete with foreign-based enterprises in domestic or foreign markets.

Executive Order 12988

This proposed rule has been reviewed in accordance with Executive Order 12988, Civil Justice Reform. This rule would have preemptive effect with respect to any State or local laws, regulations or policies which conflict with such provisions or which otherwise impede their full implementation; does not have retroactive effect; and does not require administrative proceedings before suit may be filed.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials (see the notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115).

Regulatory Flexibility Act

It has been determined that the Regulatory Flexibility Act is not applicable to this proposed rule because CCC is not required by any other provision of law to publish a notice of proposed rulemaking with respect to the subject matter of this proposed rule.

Paperwork Reduction Act

The information collection requirements for participating in the MAP were approved for use by the Office of Management and Budget (OMB) through April 30, 2000, and assigned OMB No. 0551-0027. This proposed rule would not impose new information collection requirements.

Background

The MAP is authorized by section 203 of the Agricultural Trade Act of 1978, as amended (7 U.S.C. 5623), which directs the Commodity Credit Corporation (CCC) to establish "a program to encourage the development, maintenance, and expansion of

commercial markets for agricultural commodities through cost-share assistance to eligible trade organizations." CCC implements this provision by entering into agreements with non-profit trade associations, private organizations, State agencies, and cooperatives. These agreements provide for sharing the costs of overseas advertising, technical assistance, and other export promotion activities, and may include either generic or brand promotions.

On February 1, 1995, CCC published a final rule in the **Federal Register** (60 FR 6352) governing the operations of the MAP. Since publication of that rule, CCC has had ongoing discussions with program participants concerning program improvements. Some of the changes proposed herein are based on these discussions.

CCC proposes to take State and industry contributions into consideration during the MAP allocation process. Currently, such contributions are not considered in the allocation process. This approach does not recognize the value and significance of contributions made by the States and industries in support of foreign market development efforts. Therefore, CCC is proposing to amend § 1485.14(c)(4) to include State and industry export promotion contributions in the MAP allocation process. In order to protect the integrity of the allocation process, CCC also proposes to amend § 1485.21 to make the participant responsible to CCC for the full contribution upon which the allocation would be based. In other words, the regulations would require the participant to pay to CCC the difference between the amount actually contributed and the amount specified in the allocation approval letter.

Section 1485.16(d)(3) currently disallows reimbursement for costs associated with the design and production of packaging, labeling, and origin identification. However, CCC believes that when changes in packaging, labeling, or origin identification are necessary to meet another country's importing requirements, reimbursement is appropriate. Therefore, this rule proposes to amend § 1485.16(d)(3) and to add a § 1485.16(b)(11) which specifically authorizes reimbursement of necessary costs associated with the design and production of packaging,

labeling, and origin identification. The participant will be responsible for demonstrating that the change was necessitated by foreign importing requirements. CCC will not reimburse any cost for creative artwork and design.

MAP participants currently must transfer payment for expenditures within 4 months of the completion of the activity plan year in order to be reimbursed. For activities which occur near the end of the activity plan year, some participants occasionally fail to meet the 4-month deadline due to delays in receiving the necessary paperwork, such as invoices or purchase orders, from their overseas counterparts. Extending the period of time for payment to 6 months would facilitate participant compliance and still allow for efficient program management. Because reimbursement for these approved activities effectuates the goals of the program, CCC believes that extending the deadline to 6 months is justifiable and proposes such amendment to § 1485.16(h)(3).

CCC currently will not reimburse brand participants for any travel expenses. CCC believes that company participation in a trade show is a crucial step for entering new export markets. Because international travel can be expensive, small firms sometimes must forego attending trade shows which could greatly increase their chances for successful market entry and result in actual sales. To encourage trade show participation by brand participants, CCC is proposing to amend section 1485.16 to authorize reimbursement for the air travel and per diem associated with participation in foreign trade shows. Other travel costs would not be reimbursed. Reimbursement would be limited to travel and per diem expenses for no more than two representatives of the brand participant. Travel and per diem expenses would not be reimbursed unless the participant is an exhibitor.

The MAP currently limits any company to five years of CCC assistance per country per product for brand promotion. CCC believes, however, that it can expand export opportunities more effectively by limiting each company to five years of brand promotion in any country. In other words, after five years of receiving assistance from CCC for brand promotion in a given country, a company would "graduate" from the program in that country. Such company would remain eligible to participate in any other country in which it had received brand promotion assistance for less than five years. This would allow CCC to share its limited resources with a wider variety of American exporters and in a wider variety of markets. After

five years of assistance in a country, a company should have established itself in that country and be able to finance 100 percent of its costs. CCC proposes to amend § 1485.14(d)(2) accordingly. CCC will calculate this five-year period as is done under the current rule.

Finally, another participant suggestion is to accept credit memos as documentation for participant reimbursement claims. Credit memos are widely used in business transactions throughout the world; however, CCC does not currently accept such memos as proof of eligible promotion expenditures. CCC had been concerned that monitoring compliance might be difficult if credit memos were allowed. After careful examination and review, including consultation with the Office of Inspector General, CCC believes it can adopt and implement audit controls to permit the use of credit memos while adequately protecting CCC's interests.

CCC believes this policy regarding credit memos prevents some participants, in particular small businesses who would prefer to pay for certain promotional activities using credit memos, from deriving the full benefits of the program. Therefore, CCC proposes to amend § 1485.20(a)(3)(vi) to accept credit memos as supporting documentation for reimbursement and auditing purposes. CCC proposes to add a definition of "credit memo" as a notice that a vendor has decreased an amount owed for promotional expenditures at the time the credit memo is issued. CCC also proposes to add a definition of "expenditure," in § 1485.11, to clarify that an expenditure can be either a transfer of funds or a payment via a credit memo in lieu of a transfer of funds. This rule also proposes conforming changes to accompany the six proposed substantive changes discussed herein.

List of Subjects in 7 CFR Part 1485

Agricultural commodities, Exports.

In consideration of the foregoing, the Commodity Credit Corporation proposes to amend 7 CFR part 1485 as follows:

PART 1485—[AMENDED]

1. The authority citation for 7 CFR 1485 continues to read as follows:

Authority: 7 U.S.C. 5623; 7 U.S.C. 5662–5663 and sec. 1302, Pub. L. 103–66, 107 Stat. 330.

Subpart B—Market Promotion Program

2. Section 1485.11 is amended by deleting the paragraph designations and adding the following two new definitions in alphabetical order:

§ 1485.11 Definitions.

* * * * *

Credit memo—a notice that a vendor has decreased an amount owed for promotional expenditures at the time the credit memo is issued.

* * * * *

Expenditure—the transfer of funds or payment via a credit memo in lieu of a transfer of funds.

* * * * *

3. Section 1485.14 is amended by removing paragraph (d)(3) and revising paragraphs (c)(4) and the first sentence of (d)(2) to read as follows:

§ 1485.14 Application approval and formation of agreements.

* * * * *

(c) * * *

(4) Level of participant's State's, and industry's contributions;

* * * * *

(d) * * *

(2) CCC will not provide assistance to a single company for brand promotion in a single country for more than five years. * * *

* * * * *

4. Section 1485.16 is amended by removing paragraph (a)(2); redesignating paragraph (a)(3) as paragraph (a)(2); adding paragraphs (b)(11) and (12); and revising paragraphs (a)(1), (b)(9), (d)(3), and (h)(3) to read as follows:

§ 1485.16 Reimbursement rules.

(a) * * *

(1) The expenditure was made in furtherance of an approved activity; and

* * * * *

(b) * * *

(9) Part-time contractors such as demonstrators, interpreters, translators and receptionists to help with the implementation of promotional activities such as trade shows, in-store promotions, food service promotions, and trade seminars;

* * * * *

(11) The design and production of packaging, labeling or origin identification, if necessary to meet the importing requirements in a foreign country; and

(12) Air travel not to exceed the full fare economy rate and per diem as allowed under the U.S. Federal Travel Regulations (41 CFR parts 301 through 304) for no more than two representatives of a single brand participants to participate as trade show exhibitors.

* * * * *

(d) * * *

(3) The design and production of packaging, labeling or origin

identification, except as described in paragraph (b)(11) of this section.

* * * * *

(h) * * *

(3) all expenditures were made for the activity within 6 months following the end of the activity plan year.

5. Section 1485.20 is amended by revising paragraph (a)(3)(vi) to read as follows:

§ 1485.20 Financial management, reports, evaluations and appeals.

(a) * * *

(3) * * *

(vi) Documentation with accompanying English translation supporting each reimbursement claim, including original evidence to support the financial transactions such as canceled checks, receipted paid bills, contracts or purchase orders, per diem calculations, travel vouchers, and credit memos; and

* * * * *

6. Section 1485.21 is revised to read as follows:

§ 1485.21 Failure to make required contribution.

An MAP participant's contribution requirement will be specified in the MAP allocation letter and the activity plan approval letter. The amount specified will be in the amount of contribution to be furnished by the applicant and other sources as indicated in the participant's application. The MAP participant shall pay to CCC in dollars the difference between the amount actually contributed and the amount specified in the allocation approval letter. An MAP participant shall remit such payment within 90 days after the end of its activity plan year

Signed at Washington, DC, on February 9, 1998.

Lon Hatamiya,

Administrator, Foreign Agricultural Service and Vice President, Commodity Credit Corporation.

[FR Doc. 98-4706 Filed 2-24-98; 8:45 am]

BILLING CODE 3410-10-M

FEDERAL RESERVE SYSTEM

12 CFR Part 203

[Regulation C; Docket No. R-0999]

Home Mortgage Disclosure

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Board is publishing for public comment proposed amendments to Regulation C (Home Mortgage

Disclosure). The proposed amendments: modify the Loan Application Register to prepare for "year 2000" data systems conversion; delete the requirement to enter the reporting institution's parent company on the Transmittal Sheet; and make certain other technical changes to the regulation and reporting forms.

DATES: Comments must be received on or before April 27, 1998.

ADDRESSES: Comments should refer to Docket No. R-0999, and may be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Comments also may be delivered to Room B-2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street, N.W. (between Constitution Avenue and C Street) at any time. Comments received will be available for inspection in Room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in 12 CFR 261.8 of the Board's rules regarding availability of information.

FOR FURTHER INFORMATION CONTACT:

Pamela C. Blumenthal, Staff Attorney, or John C. Wood, Senior Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, at (202) 452-2412 or (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) *only*, contact Diane Jenkins at (202) 452-3544.

SUPPLEMENTARY INFORMATION:

I. Background

The Board's Regulation C (12 CFR Part 203) implements the Home Mortgage Disclosure Act (HMDA) (12 U.S.C. 2801 *et seq.*). The regulation requires most mortgage lenders located in metropolitan statistical areas (MSAs) to report annually to federal supervisory agencies, and disclose to the public, information about their home mortgage and home improvement lending activity.

II. Discussion of Amendments

A. Year 2000 Changes

Among items reported on the HMDA Loan Application Register (HMDA-LAR), institutions are required to enter the date of application and the date action was taken. Currently, these dates are to be entered using two digits for the year, in the form MM/DD/YY. As part of the interagency Year 2000—Century Date Change program, the Board, on behalf of the agencies responsible for HMDA compliance, has begun modifying software to avoid the

confusion of a date in the 21st century with a date in the 20th century—by adding two digits to represent the century. For example, January 15, 2002, would be reflected as 01/15/2002 rather than 01/15/02. Accordingly, the Board proposes to revise the HMDA-LAR form and the instructions (Appendix A to Regulation C) to require the date of application and date of action taken to be entered in the form MM/DD/CCYY.

The paper version of the HMDA-LAR model form in Appendix A shows sample transactions, the first an originated loan and the second a denied application. In both examples, the "date application received" and "date action taken" fields contain dates from 1992. Similarly, the instructions relating to these two fields contain references to 1992 dates. To update these examples and instructions, as well as to remind reporting institutions of the change to a four-character year in the date fields, the proposed amendments replace "92" with "1999" in the examples and instructions.

B. Deletion of Parent Company Information

The Transmittal Sheet (TS) that accompanies the HMDA-LAR currently calls for the name and address of the parent company, if any, of the institution submitting HMDA data. The Board proposes to amend the TS by deleting the requirement to enter the name and address of the submitting institution's parent company, given that in most cases this information is available from the bank structure information already collected by the agencies.

C. Reassignment of Functions of Farmers Home Administration

One of the items of information reported on the HMDA-LAR about a loan or application is the type of loan. Similarly, for loans sold, the lender reports the type of purchaser of the loan. The code sheet lists the Farmers Home Administration (FmHA) as one of the categories (as an insurer or purchaser of loans).

Reorganization within the Department of Agriculture has resulted in the functions of the FmHA being reassigned to two new units, the Farm Service Agency and the Rural Housing Service. For "type of loan," the Board proposes to replace the references to the Farmers Home Administration or FmHA (in the code sheet for the HMDA-LAR form and in the instructions regarding type of loan) with a reference to "Farm Service Agency or Rural Housing Service" (or "FSA/RHS"). With regard to "type of