



**DEPARTMENT OF AGRICULTURE**

**Agricultural Marketing Service**

**7 CFR Part 1210**

**[Document Number AMS-SC-16-0097]**

**Watermelon Research and Promotion Plan; Redistricting and  
Importer Representation**

**AGENCY:** Agricultural Marketing Service.

**ACTION:** Final rule.

**SUMMARY:** This rule realigns the production districts for producer and handler membership on the National Watermelon Promotion Board (Board) under the Agricultural Marketing Service's (AMS) regulations regarding a national research and promotion program for watermelons. This rule also adds four importer seats to the Board. These changes were recommended by the Board after a review of the production volume in each district as well as assessments paid by importers. This action is necessary to provide for the equitable representation of producers, handlers, and importers on the Board.

**DATES:** Effective Date: [INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Stacy Jones King, Agricultural Marketing Specialist, Promotion and Economics Division,

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**SUPPLEMENTARY INFORMATION:**

This final rule affecting 7 CFR part 1210 is authorized under the Watermelon Research and Promotion Act (Act) (7 U.S.C. 4901-4916). The Watermelon Research and Promotion Plan is codified at 7 CFR part 1210.

**Executive Orders 12866, 13563, and 13715**

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules and promoting flexibility. This final rule falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this rule does not meet the definition of a significant regulatory action it does

not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled "Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017, titled 'Reducing Regulation and Controlling Regulatory Costs'" (February 2, 2017).

**Executive Order 13175**

This final rule has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this rule will not have substantial and direct effects on Tribal governments and will not have significant Tribal implications.

**Executive Order 12988**

In addition, this final rule has been reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have retroactive effect. The Act provides that it shall not affect or preempt any other State or Federal law authorizing promotion or research relating to an agricultural commodity.

Under section 1650 of the Act (7 U.S.C. 4909), a person may file a written petition with USDA if they believe that part 1210, any provision of the part, or any obligation imposed in connection with the part, is not in accordance with the law. In

any petition, the person may request a modification of the part or an exemption from the part. The petitioner will have the opportunity for a hearing on the petition. Afterwards, an Administrative Law Judge (ALJ) will issue a decision. If the petitioner disagrees with the ALJ's ruling, the petitioner has 30 days to appeal to the Judicial Officer, who will issue a ruling on behalf of USDA. If the petitioner disagrees with USDA's ruling, the petitioner may file, within 20 days, an appeal in the U.S. District Court for the district where the petitioner resides or conducts business.

### **Background**

Under the Watermelon Research and Promotion Plan, the Board administers a nationally coordinated program of research, development, advertising and promotion designed to strengthen the watermelon's position in the market place and to establish, maintain, and expand markets for watermelons. The program is financed by assessments on producers growing 10 acres or more of watermelons, handlers of watermelons, and importers of 150,000 pounds of watermelons or more per year. The regulations specify that handlers are responsible for collecting and submitting both the producer and handler assessments to the Board, reporting their handling of watermelons, and maintaining records necessary

to verify their reporting(s). Importers are responsible for payment of assessments to the Board on watermelons imported into the United States through U.S. Customs and Border Protection (Customs).

This final rule realigns the production districts under part 1210 for producer and handler membership on the Board, and adds four importer seats to the Board. The Board administers the regulations with oversight by USDA. These changes were recommended by the Board after a review of the production volume in each district as well as the assessments paid by importers. The regulations require that such a review be conducted every 5 years. This action is necessary to provide for the equitable representation of producers, handlers and importers on the Board.

Section 1210.320(a) specifies that the Board shall be composed of producers, handlers, importers and one public representative appointed by the Secretary. Pursuant to § 1210.320(b), the United States is divided into seven districts of comparable production volumes of watermelons, and each district is allocated two producer members and two handler members. Section 1210.320(d) specifies that importer representation on the Board shall be proportionate to the

percentage of assessments paid by importers to the Board, except that at least one representative of importers shall serve on the Board.

The current Board is composed of 37 members - 14 producers (two from each district), 14 handlers (two from each district), 8 importers and one public member.

### **Review of U.S. Districts**

Section 1210.320(c) requires the Board, at least every 5 years, to review the districts to determine whether realignment is necessary. In conducting the review, the Board must consider: (1) The most recent 3 years of USDA production reports or Board assessment reports if USDA production reports are not available; (2) shifts and trends in quantities of watermelon produced, and (3) other relevant factors. As a result of the review, the Board may recommend to USDA that the districts be realigned.

Pursuant to § 1210.501, the seven current districts are as follows:

*District 1* - The Florida counties of Brevard, Broward, Charlotte, Collier, Dade, Desoto, Glades, Hardee, Hendry, Highlands, Hillsborough, Indian River, Lake, Lee, Manatee,

Martin, Monroe, Okeechobee, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, Sarasota, Seminole, St. Lucie, and Volusia;

*District 2* - The Florida counties of Alachua, Baker, Bay, Bradford, Calhoun, Citrus, Clay, Columbia, Dixie, Duval, Escambia, Flagler, Franklin, Gadsden, Gilchrist, Gulf, Hamilton, Hernando, Holmes, Jackson, Jefferson, Lafayette, Leon, Levy, Liberty, Madison, Marion, Nassau, Okaloosa, Putnam, Santa Rosa, St. Johns, Sumter, Suwannee, Taylor, Union, Wakulla, Walton, and Washington, and the States of North Carolina and South Carolina;

*District 3* - The State of Georgia;

*District 4* - The States of Alabama, Connecticut, Delaware, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Virginia, Vermont, Wisconsin, West Virginia, and Washington, DC;

*District 5* - The State of California;

*District 6* - The State of Texas; and

*District 7* - The States of Alaska, Arkansas, Arizona, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming.

The districts listed above were recommended by the Board in 2010 and established through rulemaking by USDA in 2011 (76 FR 42009; July 18, 2011).

The Board appointed a subcommittee in 2016 to conduct a review of the seven U.S. watermelon production districts to determine whether realignment was necessary. The subcommittee held a teleconference on July 27, 2016, and reviewed production data for 2013, 2014 and 2015 from USDA's National Agricultural Statistics Service's (NASS) Vegetables Annual Summary for 2015.<sup>1</sup> The data is shown in Table 1 below.

**Table 1. U.S. Watermelon Production Figures from 2013-2015**

State	Hundredweight			3-Year Average	% of U.S. 3-Year Average
	2013 A	2014 B	2015 C		
Alabama	377,000	456,000	420,000	417,667	1.2
Arizona	1,800,000	1,334,000	1,584,000	1,572,667	4.5
Arkansas	336,000	320,000	338,000	331,333	1.0
California	5,800,000	6,384,000	5,512,000	5,898,667	16.9
Delaware	864,000	833,000	761,000	819,333	2.4
Florida	6,262,000	4,827,000	5,880,000	5,656,333	16.2
Georgia	5,580,000	5,130,000	5,510,000	5,406,667	15.5
Indiana	2,414,000	2,964,000	2,415,000	2,597,667	7.5
Maryland	1,056,000	1,089,000	1,040,000	1,061,667	3.0
Mississippi	400,000	378,000	315,000	364,333	1.0
Missouri	843,000	837,000	572,000	750,667	2.2

<sup>1</sup> Vegetables 2015 Summary, February 2016, USDA, National Agricultural Statistics Service, p. 44. <http://usda.mannlib.cornell.edu/usda/nass/VegeSumm//2010s/2016/VegeSumm-02-04-2016.pdf>. NASS lists watermelon data for 16 producing States.

<b>North Carolina</b>	1,710,000	1,155,000	1,798,000	1,554,333	4.5
<b>Oklahoma</b>	242,000	364,000	540,000	382,000	1.1
<b>South Carolina</b>	2,734,000	1,862,000	2,736,000	2,444,000	7.0
<b>Texas</b>	5,520,000	5,200,000	5,520,000	5,413,333	15.5
<b>Virginia</b>	164,000	130,000	163,000	152,333	0.4
<b>United States</b>	36,102,000	33,263,000	35,104,000	34,823,000	

Column D equals the sum of (Columns A, B and C), divided by 3.  
Column E equals Column D divided by 34,823,000 pounds (the total for the U.S.), multiplied by 100.

The subcommittee considered three scenarios in realigning the districts. All three scenarios would consolidate the State of Florida into District 1 and would make no changes to Districts 3 (Georgia), 5 (California), and 6 (Texas). Two of the scenarios would have moved the States of North and South Carolina into one district - District 2. Ultimately the subcommittee proposed the following changes: (1) Consolidating the State of Florida into one district by moving the Florida counties of Alachua, Baker, Bay, Bradford, Calhoun, Citrus, Clay, Columbia, Dixie, Duval, Escambia, Flagler, Franklin, Gadsden, Gilchrist, Gulf, Hamilton, Hernando, Holmes, Jackson, Jefferson, Lafayette, Leon, Levy, Liberty, Madison, Marion, Nassau, Okaloosa, Putnam, Santa Rosa, St. Johns, Sumter, Suwannee, Taylor, Union, Wakulla, Walton, and Washington from District 2 to District 1; (2) moving the States of Kentucky, Tennessee, Virginia and West Virginia from District 4 to

District 2; and (3) moving the State of Alabama from District 4 to District 7. As shown in Table 2, under the realignment, each district will represent, on average, 14 percent of the total U.S. production based on NASS data, with a range of 11 to 17 percent.

**Table 2. Percent of U.S. Production by District<sup>2</sup>**

<b>Districts</b>	<b>% of U.S. Production</b>
<b>1</b>	16
<b>2</b>	12
<b>3</b>	16
<b>4</b>	13
<b>5</b>	17
<b>6</b>	16
<b>7</b>	11

Upon review, the Board subsequently recommended through a mail ballot vote in late July 2016 that four of the seven production districts be realigned. The districts will be as follows:

*District 1* - The State of Florida;

*District 2* - The States of Kentucky, North Carolina, South Carolina, Tennessee, Virginia and West Virginia;

*District 3* - The State of Georgia (no change);

*District 4* - The States of Connecticut, Delaware, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, New

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<sup>2</sup>Table values were rounded to the nearest percent.

Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Wisconsin, and Washington, DC;

*District 5* - The State of California (no change);

*District 6* - The State of Texas (no change); and

*District 7* - The States of Alabama, Alaska, Arizona, Arkansas, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming.

Additionally, USDA has reviewed the NASS report that was issued in February 2017.<sup>3</sup> The data is shown in Table 3 below. While the data is in a slightly different format (consolidating some of the smaller producing states), the data is consistent with the Board's recommendation.

**Table 3. U.S. Watermelon Production Figures 2016**

State	Hundredweight	% of Total U.S.
Alabama	*N/A	
Arizona	2,448,000	6
Arkansas	N/A	
California	6,750,000	17
Delaware	838,000	2
Florida	7,659,000	19
Georgia	6,076,000	15
Indiana	3,010,000	8
Maryland	1,070,000	3
Mississippi	N/A	
Missouri	**D	
North Carolina	D	
Oklahoma	N/A	
South Carolina	2,592,000	6

<sup>3</sup> Vegetables 2016 Summary, February 2017, USDA, National Agricultural Statistics Service, p. 103-104; [http://usda.mannlib.cornell.edu/usda/current/VegeSumm/VegeSumm-02-22-2017\\_revision.pdf](http://usda.mannlib.cornell.edu/usda/current/VegeSumm/VegeSumm-02-22-2017_revision.pdf).

Texas	7,250,000	18
Virginia	N/A	
Other States	2,432,000	7
United States	40,125,000	

\*N/A means not available; the estimates were discontinued in 2016.

\*\*D means that the data is withheld to avoid disclosing data for individual operations.

Section 1210.501 is revised accordingly.

## Review of Imports

Section 1210.320(e) requires USDA to evaluate the average annual percentage of assessments paid by importers during the 3-year period preceding the date of the evaluation and adjust, to the extent practicable, the number of importer representatives on the Board.

Table 4 below shows domestic and import assessment data for watermelons for the years 2013, 2014 and 2015. The data is from the Board's financial audits for 2013, 2014<sup>4</sup> and 2015.<sup>5</sup>

**Table 4. U.S. and Import Assessment Data for 2013-2015**

Year	Domestic (U.S.) Assessments	Import Assessments	Total
2013	\$1,829,446	\$952,484	\$2,781,930
2014	\$2,009,528	\$1,033,797	\$3,043,325
2015	\$2,133,552	\$1,100,810	\$3,234,362
<b>3-Year Average</b>	\$1,990,842	\$1,029,030	\$3,019,872
<b>Percent of Total</b>	66 percent	34 percent	

Based on this data, the 3-year average annual import assessments for watermelons for 2013-2015 totaled \$1,029,030,

4 National Watermelon Promotion Board, Financial Statements and Supplementary Information, Years Ending March 31, 2015, and 2014, Cross, Fernandez & Riley, LLP, Accountants and Consultants, July 7, 2014, p. 6.

5 National Watermelon Promotion Board, Financial Statements and Supplementary Information, Years Ending March 31, 2016, and 2015, BDO USA, LLP, July 25, 2016, p. 8.

approximately 34 percent of the Board's assessment income. Thus, increasing the number of importers on the Board from 8 to 14 members would reflect that almost 34 percent of the assessments were paid by importers over the 3-year period. However, due to the difficulty the Board has had in finding individuals that are both eligible and willing to serve in the current eight importer seats, it would likely be very challenging to fill six additional importer seats. Furthermore, under the program's nomination rules, the Board would need to recommend to the Secretary at least two importers for each open seat, which would mean that 12 eligible and willing importers would have to be secured. For these reasons, the Board recommended only adding four importer seats (representing 30 percent of the Board's total industry members) to ensure that it would have a sufficient number of potential nominees. The Board subsequently recommended through the July 2016 mail vote increasing the number of importer seats from 8 to 12, thereby increasing the number of Board members from 37 to a total of 41: 14 producers, 14 handlers, 12 importers, and one public member. Importers would represent 30 percent of the Board's 40 industry members. (Importers (8) represent about 22 percent of the current Board's 36 industry members.)

Section 1210.502 is revised accordingly.

Nominations will be held as soon as possible to fill the four new importer seats.

### **Final Regulatory Flexibility Act Analysis**

In accordance with the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612), AMS is required to examine the economic impact of this rule on small entities. Accordingly, AMS has considered the economic impact of this action on such entities.

The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions so that small businesses will not be disproportionately burdened. The Small Business Administration defines, in 13 CFR part 121, small agricultural producers as those having annual receipts of no more than \$750,000 and small agricultural service firms (handlers and importers) as those having annual receipts of no more than \$7.5 million.

According to the Board, there are 1,251 producers, 147 handlers, and 365 importers who are required to pay assessments under the program. NASS data for the 2016 crop year estimated about 354 hundredweight (cwt.) of watermelons were produced per acre in the United States, and the 2016 grower price was \$14.40

per cwt.<sup>6</sup> Thus, the value of watermelon production per acre in 2016 averaged about \$5,098 (354 cwt. x \$14.40). At that average price, a producer would have to farm over 147 acres to receive an annual income from watermelons of \$750,000 (\$750,000 divided by \$5,098 per acre equals approximately 147 acres). Using 2012 USDA Census of Agriculture data, a maximum of 321 farms had watermelon acreage greater than or equal to 100 acres, and 12,675 out of a total of 12,996 farms producing watermelons reported less than 100 acres of watermelon on their farms.<sup>7</sup> Therefore, assuming watermelon producers operate no more than one farm, a majority (97.5 percent) of all U.S. watermelon farms would be classified as small businesses. Using Board assessment data, 930 of the 1,251 (roughly 74 percent) U.S. watermelon producers currently paying assessments to the Board would be classified as small businesses.

Also based on the Board's data, using an average freight on board (f.o.b.) price of \$0.186 per pound and the number of pounds handled annually, none of the watermelon handlers have

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6 *Vegetables 2016 Summary*, February 2017, USDA, National Agricultural Statistics Service, p. 102-104. [http://usda.mannlib.cornell.edu/usda/current/VegeSumm/VegeSumm-02-22-2017\\_revision.pdf](http://usda.mannlib.cornell.edu/usda/current/VegeSumm/VegeSumm-02-22-2017_revision.pdf).

7 *2012 Census of Agriculture*, May 2014, USDA, National Agricultural Statistics Service, p. 36; [https://www.agcensus.usda.gov/Publications/2012/Full\\_Report/Volume\\_1,\\_Chapter\\_1\\_US/usv1.pdf](https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_1_US/usv1.pdf).

receipts over the \$7.5 million threshold.<sup>8</sup> Therefore, the watermelon handlers would all be considered small businesses. A handler would have to ship over 40 million pounds of watermelons to be considered large (40,322,580 x \$.0186 f.o.b. equals approximately \$7,500,000).

Based on 2016 Customs data, over 90 percent of watermelon importers shipped under \$7.5 million worth of watermelons. Based on the foregoing, the majority of the producers, handlers and importers that will be affected by this rule would be classified as small entities.

Regarding the value of the commodity, based on 2016 NASS data, the value of the U.S. watermelon crop was about \$578 million.<sup>9</sup> According to Customs data, the value of 2016 imports was about \$356 million.

This rule revises §§ 1210.501 and 1210.502, respectively, to change the boundaries of four of the seven U.S. production districts and add four importers to the Board, increasing the size of the Board from 37 to 41 members. The Board administers the program with oversight by USDA.

Under the program, the United States is divided into seven districts of comparable production volumes of watermelons, and

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<sup>8</sup> National Watermelon Promotion Board assessment records, 2013-2015.

<sup>9</sup> Vegetables, 2016 Summary, February 2017, USDA, p. 104.

each district is allocated two producer members and two handler members. Further, importer representation on the Board must be, to the extent practicable, proportionate to the percentage of assessments paid by importers, except there must be at least one importer on the Board.

Every 5 years, the Board is required to evaluate, based on the preceding 3-year period, the average production in each production district and the average annual percentage of assessments paid by importers. The Board conducted this review in 2016 and recommended changing the boundaries of four of the seven districts and increasing the importer membership by four members. Authority for these changes is provided in § 1210.320.

Regarding the economic impact of this rule on affected entities, neither the realignment of production districts nor the expansion of Board membership imposes additional costs on industry members. Eligible importers interested in serving on the Board would have to complete a background questionnaire. Those requirements are addressed in the section titled *Reporting and Recordkeeping Requirements*. The changes are necessary to provide for the equitable representation of producers, handlers and importers on the Board.

Regarding alternatives, the Board considered three scenarios in realigning the districts. All three scenarios would consolidate the State of Florida in District 1 and would make no changes to Districts 3 (Georgia), 5 (California), and 6 (Texas). Two of the scenarios would have moved the States of North and South Carolina into one district - District 2. Ultimately the Board recommended consolidating the State of Florida into one district (District 1), moving the States of Kentucky, Tennessee, Virginia and West Virginia from District 4 to District 2, and moving the State of Alabama from District 4 to District 7. The Board recommended the alignment scenario described in this rule because it: (1) Provides for a proportional geographical representation on the Board for producers and handlers; (2) does not create any producer or handler vacancies on the Board; and (3) streamlines the nomination process for District 1 by condensing all the Florida counties into a single district. The Board's recommendation is consistent with the 2011 realignment that kept States (except Florida) together.

Regarding alternatives for importer representation, as stated previously, the 3-year average annual imports for watermelon totals \$1,029,030. This represents almost 34 percent

of the total assessments paid to the Board. One alternative would be to add five or six importer seats (representing 33 and 35 percent, respectively, of the Board's 40 industry members), so that importer representation would be proportionate to the percentage of importer assessments paid. However, due to the difficulty the Board has had in finding individuals who are both eligible and willing to serve in the current eight importer seats, it would likely be very challenging to fill six additional importer seats. Furthermore, under the program's nomination rules, the Board would need to recommend to the Secretary at least two importers for each open seat, which would mean that 12 eligible and willing importers would have to be secured. For these reasons, the Board recommended only adding four importer seats (representing 30 percent of the Board's total industry members) to ensure that it would have a sufficient number of potential nominees. This is consistent with § 1210.320(e) which prescribes that the number of importer seats should be adjusted, to the extent practicable. The addition of four importers will allow for more importer representation in the Board's decision making and also potentially provide an opportunity to increase diversity on the Board.

### *Reporting and Recordkeeping Requirements*

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the background form, which represents the information collection and recordkeeping requirements that are imposed under the program, have been approved previously under OMB number 0581-0093. The watermelon regulations require that two nominees be submitted for each vacant position. With regard to information collection requirements, adding four importers to the Board means that eight additional importers would be required to submit background forms (Form AD-755) to USDA in order to verify their eligibility for appointment to the Board. However, serving on the Board is optional, and the burden of submitting the background form will be offset by the benefits of serving on the Board. The estimated annual cost of the eight importers providing the required information would be \$66 or \$8.25 per importer. The additional minimal burden is included in the existing information collection package under OMB number 0581-0093.

As with all Federal promotion programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. Finally,

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

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.

Regarding outreach efforts, the Board formed a subcommittee to review the production, assessment and import data to assess whether changes to the district boundaries and number of importers on the Board was warranted. The subcommittee held a teleconference on July 27, 2016. All Board and subcommittee meetings, including meetings held via teleconference, are open to the public and interested persons are invited to participate and express their views.

A proposed rule concerning this action was published in the **Federal Register** on September 27, 2017 (82 FR 44966). A 30-day comment period ending on October 27, 2017, was provided to allow interested persons to respond to the proposal. Board staff distributed the proposal to Board members via electronic mail. The proposal was also made available through the Internet by USDA and the Office of the Federal Register.

## **Analysis of Comments**

Eleven comments were received in response to the proposed rule. Of those eleven comments, seven supported the proposed district realignment and the addition of four importer seats, three expressed concerns with the proposal, and one was outside the scope of the rulemaking.

The comments that supported the proposed changes focused on increasing the positive impact that the research and promotion program has already had on the watermelon industry. Several commenters opined that gradual adjustments such as adding new members and realigning the production districts after completing an analysis of the available data are a necessary component of the program's continued success. Several commenters also acknowledged that the Board accomplished the very difficult task of equitably distributing representation despite the fact that there is a variance in production levels across the country. One commenter stated that the four largest-producing states ". . . will be fairly represented while other smaller production areas will be grouped with states that produce little or no watermelons on a commercial scale."

Three comments expressed concerns with the proposed rule. One commenter opined that the district realignment could weaken

the representative power of the larger producing states. The commenter was concerned that the realignment unfairly left large production states like Florida, which will now be in one district, with the same number of Board seats as districts that combined smaller producing states. The watermelon regulations provide for seven U.S. districts of comparable production and do not prohibit one district being composed of just one state. The States of Georgia, California and Texas are already in their own respective district. The Board's recommendation, as adopted herein by USDA, provides for a proportional geographical representation of producers and handlers (on average each district accounts for 14 percent of total production), creates no vacancies within a district, and streamlines the nomination process for District 1 by consolidating all of the Florida counties. Further, the Board is composed of members representing both large and small states, and all members voting supported the district realignment.

The commenter also suggested that the increase in the number of importer seats be implemented gradually. The watermelon regulations require importer representation on the Board to be proportionate to the percentage of assessments paid by importers. Based on the Board's assessment records, more

than 34 percent of the assessments collected from 2013-2015 came from imports. This would correspond to increasing the number of importers from 8 to 14 members. However, because the Board had difficulty in finding eligible importers willing to serve, it recommended adding only four importer seats to ensure that it would have a sufficient number of nominees. This will bring the total number of importers on the Board to 12 (representing 30 percent of the Board's total industry members). This change will ensure an equitable representation of importers on the Board as required in part 1210. Thus, delaying implementation would not be appropriate.

Another commenter expressed concern that there is only one public member on the Board. The commenter suggested that the size of the Board be increased to 50 members, adding 10 consumer members on top of its current makeup. Section 1647(c)(1) of the Act and § 1210.320 of part 1210 limit the number of public members that can serve on the Board to one.

One commenter asked why the government was “. . . spending money on this.” The national watermelon promotion program is funded through assessments paid by watermelon producers, handlers and importers. It is not funded by the government or taxpayer funds.

No changes have been made to the proposed rule based on the comments received.

After consideration of all relevant matters presented, including the information and recommendation submitted by the Board, the comments received, and other relevant information, it is hereby found that this rule, as hereinafter set forth, is consistent with and would effectuate the purposes of the Act.

**List of Subjects in 7 CFR Part 1210**

Administrative practice and procedure, Advertising, Consumer information, Marketing agreements, Reporting and recordkeeping requirements, Watermelon promotion.

For the reasons set forth in the preamble, 7 CFR part 1210 is amended as follows:

**PART 1210—WATERMELON RESEARCH AND PROMOTION PLAN**

1. The authority citation for 7 CFR part 1210 continues to read as follows:

**Authority:** 7 U.S.C. 4901-4916 and 7 U.S.C. 7401.

**Subpart C - Administrative Requirements**

2. The heading for subpart C is revised to read as set forth above.

3. In § 1210.501, paragraphs (a), (b), (d), and (g) are revised to read as follows:

§ 1210.501 **Realignment of districts.**

\* \* \* \* \*

(a) *District 1* - The State of Florida.

(b) *District 2* - The States of Kentucky, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

\* \* \* \* \*

(d) *District 4* - The States of Connecticut, Delaware, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Wisconsin, and Washington, DC.

\* \* \* \* \*

(g) *District 7* - The States of Alabama, Alaska, Arizona, Arkansas, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming.

4. Section 1210.502 is revised to read as follows:

§ 1210.502 **Importer members.**

Pursuant to § 1210.320(d) of the Plan, there are twelve importer representatives on the Board based on the proportionate percentage of assessments paid by importers to the Board.

Dated: January 25, 2018

Bruce Summers  
Acting Administrator

BILLING CODE 3410-02 P

[FR Doc. 2018-01802 Filed: 1/30/2018 8:45 am; Publication Date: 1/31/2018]