Dried Prunes Produced in California; Increased Assessment Rate

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule would implement a recommendation from the Prune Marketing Committee (Committee) to increase the assessment rate established for the 2020-21 and subsequent crop years. The proposed assessment rate would remain in effect indefinitely unless modified, suspended, or terminated.

DATES: Comments must be received by [INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested persons are invited to submit written comments concerning this proposed 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; or Internet: https://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:
https://www.regulations.gov. All comments submitted in response to this rule will be included in the record and will be made available to the public. Please be advised that the identity of the individuals or entities submitting the comments will be made public on the Internet at the address provided above.

FOR FURTHER INFORMATION CONTACT: Bianca Bertrand, Management and Program Analyst, or Andrew Hatch, Acting Director, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; Telephone: (559)356-8202 or email: BiancaM.Bertrand@usda.gov or Andrew.Hatch@usda.gov.

Small businesses may request information on complying with this regulation by contacting Richard Lower, 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: Richard.Lower@usda.gov.

SUPPLEMENTARY INFORMATION: This action, pursuant to 5 U.S.C. 553, proposes to amend regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This proposed rule is issued under Marketing Agreement and Order No. 993, as amended (7 CFR part 993), regulating the handling of dried prunes produced in California. Part 993 (referred to as 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
Committee locally administers the Order and is comprised of producers and handlers of dried prunes operating within the production area, and a public member.

The Department of Agriculture (USDA) is issuing this proposed rule in conformance with Executive Orders 13563 and 13175. In accordance with Executive Order 13175, AMS has not identified any tribal implications as a result of this proposed rule. This proposed rule falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review.

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the Order now in effect, California dried prune handlers are subject to assessments. Funds to administer the Order are derived from such assessments. It is intended that the assessment rate would be applicable to all assessable dried prunes for the 2020-21 crop year and continue until amended, suspended, or terminated.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with USDA a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted
therefrom. Such handler is afforded the opportunity for a
hearing on the petition. After the hearing, USDA would
rule on the petition. The Act provides that the district
court of the United States in any district in which the
handler is an inhabitant, or has his or her principal place
of business, has jurisdiction to review USDA's ruling on
the petition, provided an action is filed no later than 20
days after the date of the entry of the ruling.

This proposed rule would increase the assessment rate
from $0.25 per ton of salable dried prunes, the rate that
was established for the 2019-20 and subsequent crop years,
to $0.28 per ton of salable dried prunes for the 2020-21
and subsequent crop years.

The Order authorizes the Committee, with the approval
of USDA, to formulate an annual budget of expenses and
collect assessments from handlers to administer the
program. The members are familiar with the Committee’s
needs and with the costs of goods and services in their
local area and are in a position to formulate an
appropriate budget and assessment rate. The assessment
rate is formulated and discussed in a public meeting.
Thus, all directly affected persons have an opportunity to
participate and provide input.

For the 2019-20 and subsequent crop years, the
Committee recommended, and USDA approved, an assessment
rate of $0.25 per ton of salable dried prunes. That
assessment rate continues in effect from crop year to crop year unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other information available to USDA.

The Committee met on December 10, 2020, and unanimously recommended expenditures of $24,550 and an assessment rate of $0.28 per ton of salable dried prunes handled for the 2020-21 and subsequent crop years. In comparison, last year’s budgeted expenditures were $24,500. The proposed assessment rate of $0.28 is $0.03 higher than the rate currently in effect. The Committee recommended increasing the assessment rate due to a smaller crop, and to provide adequate income along with carryforward/contingency funds and interest income to cover all of the Committee’s budgeted expenses for the 2020-21 crop year.

The major expenditures recommended by the Committee for the 2020-21 crop year include $13,700 for personnel expenses, and $10,850 for operating expenses. Budgeted expenses for these items for the 2019-20 crop year were $13,300 for personnel expenses, and $11,200 for operating expenses.

The Committee derived the recommended assessment rate by considering anticipated expenses, and an estimated crop of 50,000 tons of salable dried prunes. Income derived from handler assessments, calculated at $14,000 (50,000
tons salable dried prunes multiplied by $0.28 assessment rate), along with carryforward/contingency funds and interest income ($11,682), would be adequate to cover budgeted expenses of $24,550.

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

Although this assessment rate would be in effect for an indefinite period, the Committee will continue to meet prior to or during each crop year to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or USDA. Committee meetings are open to the public and interested persons may express their views at these meetings. USDA 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. The Committee’s 2020-21 crop year budget, and those for subsequent crop years, would be reviewed and, as appropriate, approved by USDA.

**Initial Regulatory Flexibility Analysis**

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612), the Agricultural Marketing Service (AMS) has considered the economic impact
of this proposed rule on small entities. Accordingly, AMS has prepared this initial regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf.

There are approximately 800 producers of dried prunes in the production area and 20 handlers subject to the regulation under the Order. Small agricultural producers are defined by the Small Business Administration (SBA) as those having annual receipts of less than $1,000,000, and small agricultural service firms have been defined as those whose annual receipts are less than $30,000,000 (13 CFR 121.201).

According to the National Agricultural Statistics Service (NASS), the national average producer price for California dried prunes for the 2019-20 crop year was $1,510 per ton. Committee data indicates that the California dried prune total production was 110,000 tons in the 2019-20 crop year. The total 2019-20 crop year value of California dried prunes was $166,100,000 (110,000 tons times $1,510 per ton equals $166,100,000). Dividing the crop value by the estimated number of producers (800)
yields an estimated average receipt per producer of $207,625.

According to USDA Market News data, the reported terminal price for 2019 for California dried prunes ranged between $30.02 to $32.59 per 28-pound carton. The average of this range is $31.31 ($30.02 plus $32.59 divided by 2 equals $31.31). Dividing the average value by the 28-pound carton yields an estimated average price per pound of $1.12 ($31.31 average value for 28-pound carton divided by 28). The handler price for prunes is $2,240 per ton ($1.12 per pound multiplied by 2000 pounds per ton equals $2,240 per ton). Multiplying the 2019-20 California dried prune total production of 110,000 tons by the estimated average price per ton of $2,240 equals $246,400,000.

Dividing this figure by 20 regulated handlers yields estimated average annual handler receipts of $12,320,000. Therefore, using the above data, the majority of producers and handlers of California dried prunes may be classified as small entities.

As noted above, the average price received per ton by producers in the preceding crop year was $1,510 per ton of salable dried prunes. Given the estimated tonnage of 50,000 tons salable dried prunes for the 2020-21 crop year, the total producer revenue is estimated to be $75,500,000. The total assessment revenue is expected to be $14,000 (50,000 tons multiplied by $0.28 per ton). Thus, the total
assessment revenue compared to total producer revenue is 0.019 percent.

This proposal would increase the assessment rate collected from handlers for the 2020-21 and subsequent crop years from $0.25 to $0.28 per ton of salable California dried prunes. The Committee unanimously recommended 2020-21 expenditures of $24,550 and an assessment rate of $0.28 per ton of salable dried prunes. The proposed assessment rate of $0.28 per ton salable dried prunes is $0.03 higher than the current rate. The volume of assessable dried prunes for the 2020-21 crop year is estimated to be 50,000 tons. Thus, the $0.28 per ton of salable dried prunes should provide $14,000 in assessment income (50,000 multiplied by $0.28). Income derived from handler assessments, along with carryforward/contingency funds and interest income, would be adequate to cover budgeted expenses for the 2020-21 crop year.

The major expenditures recommended by the Committee for the 2020-21 crop year include $13,700 for personnel expenses, and $10,850 for operating expenses. Budgeted expenses for these items in the 2019-20 crop year were $13,300, and $11,200 respectively.

The Committee recommended increasing the assessment rate due to a smaller crop, and to provide adequate income along with carryforward/contingency funds and interest income to cover the Committee’s budgeted expenses for the
2020-21 crop year. Prior to arriving at this budget and assessment rate recommendation, the Committee discussed various alternatives, including maintaining the current assessment rate of $0.25 per ton of salable dried prunes, and increasing the assessment rate by a different amount. However, the Committee determined that the recommended assessment rate, along with carryforward/contingency funds and interest income would fund budgeted expenses.

This proposed rule would increase the assessment obligation imposed on handlers. Assessments are applied uniformly on all handlers, and some of the costs may be passed on to producers. However, these costs would be offset by the benefits derived by the operation of the Order.

The Committee’s meeting was widely publicized throughout the California prune industry. All interested persons were invited to attend the meeting and encouraged to participate in Committee deliberations on all issues. Like all Committee meetings, the December 10, 2020, meeting was a public meeting, and all entities, both large and small, were able to express views on this issue. Interested persons are invited to submit comments on this proposed rule, including the regulatory and information collection impacts of this action on small businesses.

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 OMB and assigned OMB No. 0581-0178, Vegetable and Specialty Crops. No changes in those requirements would be necessary as a result of this proposed rule. Should any changes become necessary, they would be submitted to OMB for approval.

This proposed rule would not impose any additional reporting or recordkeeping requirements on either small or large California prune handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

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

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

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: https://www.ams.usda.gov/rules-regulations/moa/small-businesses. Any questions about the compliance guide should be sent to Richard Lower 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. All written comments timely received will be considered before a final determination is made on this matter.

**List of Subjects in 7 CFR Part 993**

Marketing agreements, Plum, Prunes, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 993 is proposed to be amended as follows:

**PART 993 – DRIED PRUNES PRODUCED IN CALIFORNIA.**

1. The authority citation for 7 CFR part 993 continues to read as follows:

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

2. Section 993.347 is revised to read as follows:

   **§ 993.347 Assessment rate.**

   On and after August 1, 2020, an assessment rate of $0.28 per ton of salable dried prunes is established for California dried prunes.

   Erin Morris, Associate Administrator,
   Agricultural Marketing Service.

[FR Doc. 2021-10018 Filed: 5/11/2021 8:45 am; Publication Date: 5/12/2021]