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This document is scheduled to be published in the Federal Register on 02/10/2026 and available online at <https://federalregister.gov/d/2026-02589>, and on <https://govinfo.gov>

Agricultural Marketing Service

7 CFR Part 958

[Doc. No. AMS-SC-25-0041]

Onions Grown in Certain Designated Counties in Idaho and Malheur County, Oregon; Decreased Assessment Rate

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule would implement a recommendation from the Idaho-Eastern Oregon Onion Committee (Committee) to decrease the assessment rate established for the 2025-2026 and subsequent fiscal periods from \$.07 to \$.05 per hundredweight for onions grown in certain designated counties in Idaho and Malheur County, Oregon. The proposed assessment rate would remain in effect indefinitely until modified, suspended, or terminated.

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

ADDRESSES: Interested persons are invited to submit written comments concerning this proposed rule. Comments can be sent to the Docket Clerk, Market Development Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250-0237. Comments can also be submitted to the Docket Clerk electronically by Email: MarketingOrderComment@usda.gov or via the internet at: <https://www.regulations.gov>. Comments should reference the document number and the date and page number of this issue of the **Federal Register**. Comments submitted in response to this proposed rule will be included in the record, will be made available to the public, and may be viewed at: <https://www.regulations.gov>.

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: Barry Broadbent, Chief, Northwest Region Branch, Market Development Division, Specialty Crops Program, AMS, USDA; Telephone: (503) 326-2724, or Email: Barry.Broadbent@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 Order No. 958, as amended (7 CFR part 958), regulating the handling of onions grown in certain counties in Idaho, and Malheur County, Oregon. Part 958 (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 onions operating within the area of production, as well as a public member.

This action 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 13175 – Consultation and Coordination with Indian Tribal Governments, which requires federal agencies to consider whether their rulemaking actions would have tribal implications. AMS has determined that this rule is unlikely to have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes.

This proposed rule has been reviewed under Executive Order 12988 – Civil Justice Reform. Under the Order now in effect, Idaho-Eastern Oregon onion 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 Idaho-Eastern Oregon onions for the 2025-2026 fiscal period, and continue until amended, suspended, or terminated.

This proposed rule would decrease the assessment rate for Idaho-Eastern Oregon onions handled under the Order from \$0.07 per hundredweight, the rate that was established for the 2023-2024 and subsequent fiscal periods, to \$0.05 per hundredweight for the 2025-2026 and subsequent fiscal periods.

Sections 958.41 and 958.42 of the Order authorize the Committee, with the approval of AMS, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The members of the Committee are familiar with the Committee's needs and with the costs of goods and services in their local area and are able to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting, and all directly affected persons have an opportunity to participate and provide input.

For the 2023-2024 and subsequent fiscal periods, the Committee recommended, and AMS approved, an assessment rate of \$0.07 per hundredweight of Idaho-Eastern Oregon onions handled within the production area. That rate continues in effect from fiscal period to fiscal period until modified, suspended, or terminated by AMS upon recommendation and information submitted by the Committee or other information available to AMS.

The Committee met on April 17, 2025, and unanimously recommended, with a vote of 11 in favor and none opposed, 2025-2026 fiscal period expenditures of \$702,788 and an assessment rate of \$0.05 per hundredweight of Idaho-Eastern Oregon onions handled for the 2025-2026 and subsequent fiscal periods. In comparison, last fiscal period's budgeted expenditures were \$861,089. The proposed assessment rate of \$0.05 per hundredweight is \$0.02 lower than the rate currently in effect. The Committee

recommended decreasing the assessment rate to better align assessment revenue with budgeted expenditures and to reduce its reserve funds to within a level consistent with the Order. The Committee projects 10,000,000 hundredweight of assessable Idaho-Eastern Oregon onions for the 2025-2026 fiscal period, which is equivalent to the 10,000,000 hundredweight that was projected for the 2023-2024 fiscal period.

The major expenditures recommended by the Committee for the 2025-2026 fiscal period include \$275,000 for promotions, \$175,345 for research, \$128,173 for salary expenses, \$88,270 for travel and office expenses, \$21,000 for export initiatives, and \$15,000 for contingencies. For comparison, budgeted expenditures for the 2024-2025 fiscal period for promotions, research, salary, travel and office expenses, export initiatives, and contingencies were \$429,959, \$185,041, \$123,419, \$86,670, \$21,000, and \$15,000, respectively.

The Committee derived the recommended assessment rate by considering anticipated fiscal period expenses, the expected volume of assessable Idaho-Eastern Oregon onions, and the amount of funds available in the authorized reserve. The expected 10,000,000 hundredweight of Idaho-Eastern Oregon onions from the 2025-2026 crop would generate \$500,000 in assessment revenue at the proposed assessment rate (10,000,000 hundredweight multiplied by the \$0.05 assessment rate). The income generated from handler assessments, along with \$80,288 from reserve funds, \$100,000 awarded through the Specialty Crop Block Grant Program, and \$22,500 in other income, would be sufficient to meet the Committee's estimated program expenditures \$702,788 for the 2025-2026 fiscal period. Funds available in the operating reserve (projected to be about \$612,522 at the end of the 2025-2026 fiscal period) would be kept within the maximum permitted by the Order (not to exceed one fiscal period's operational expenses, as authorized in § 958.44).

The proposed assessment rate would continue in effect indefinitely until modified, suspended, or terminated by AMS 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 AMS. Committee meetings are open to the public and interested persons may express their views at these meetings. AMS 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 2025-2026 fiscal period budget, and those for subsequent fiscal periods, will be reviewed and approved by AMS.

Initial Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612), the 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 108 producers of Idaho-Eastern Oregon onions in the production area and 29 handlers subject to regulation under the Order. Small agricultural producers of onions are defined by the Small Business Administration (SBA) as those having annual receipts of less than \$3,750,000, and small agricultural service firms are defined as those whose annual receipts are less than \$34,000,000 (13 CFR 121.201).

According to the National Agricultural Statistics Service (NASS), the average producer price received for dry fresh market onions in Idaho and Malheur County, Oregon, for the 2023 crop year (the most recent year for which there is NASS data) was \$21.50 per hundredweight. Total shipments of Idaho-Eastern Oregon onions for the 2023-2024 fiscal period were reported by the Committee to be 9,980,829 hundredweight. Using the NASS average producer price from the 2023 crop and the Committee's reported volume, the total 2023 crop value of Idaho-Eastern Oregon onions could therefore be estimated to be \$214,587,824 (9,980,829 hundredweight times \$21.50 per hundredweight). Dividing the crop value by the estimated number of producers (108) yields estimated average onion receipts per producer of \$1,986,924, which is well below the SBA threshold for small producers.

In addition, according to AMS Market News data, the reported average free on board (FOB) price for onions from the Idaho-Eastern Oregon region over the 2023-2024 fiscal period was between \$8.00 and \$24.00 per 50-pound container depending upon variety, size and grade, and shipping date. Assuming an average of \$16.00 per 50-pound container and multiplying this figure by 2 (to adjust to hundredweight) yields a calculated average FOB price of \$32.00 per hundredweight for the 2023-2024 fiscal period. Multiplying 2023-2024 Idaho-Eastern Oregon onion volume of 9,980,829 hundredweight by the estimated average price per hundredweight of \$32.00 equals estimated total handler revenue of \$319,386,528. Dividing this figure by the 29 regulated handlers yields estimated average annual handler receipts of \$11,013,329 (\$319,386,528 divided by 29 handlers), which is below the SBA threshold for small agricultural service firms. Therefore, using the above data and assuming a normal distribution, most of the producers and handlers of Idaho-Eastern Oregon onions may be classified as small entities.

This proposal would decrease the assessment rate collected from handlers for the 2025-2026 and subsequent fiscal periods from \$0.07 to \$0.05 per hundredweight of Idaho-Eastern Oregon onions. The Committee unanimously recommended, in a vote of 11 in favor and none opposed, 2025-2026 fiscal period expenditures of \$702,788 and an assessment rate of \$0.05 per hundredweight. The proposed assessment rate of \$0.05 is \$0.02 lower than the current rate. The Committee expects the industry to handle 10,000,000 hundredweight of Idaho-Eastern Oregon onions during the 2025-2026 fiscal period. Thus, the proposed \$0.05 per hundredweight assessment rate is expected to provide \$500,000 in assessment income (10,000,000 multiplied by \$0.05). In addition, the Committee expects to use \$22,500 of income from other miscellaneous sources, a \$100,000 award from the Specialty Crop Block Grant Program, and \$80,288 from its operating reserve to cover the portion of budgeted expenses not funded by assessment revenue (\$500,000 plus \$22,500 plus \$100,000 plus \$80,288 equals \$702,788).

In the most recent two fiscal periods, at the \$0.07 per hundredweight assessment rate, the Committee has received assessment revenue in excess of expenditures, with the balance being added to its reserve fund. To keep the Committee's operating reserve within Order's limit, the Committee was required to either increase its budget or decrease its assessment rate moving forward. The Committee recommended decreasing the assessment rate. The recommended \$0.05 per hundredweight rate would facilitate funding the bulk of the Committee's 2025-2026 fiscal period budgeted expenditures from assessment revenue, with expenditures in excess of assessment income being funded from other income sources (grants, voluntary contributions, and interest) and utilizing funds held in the operating reserve. This proposed rule would draw an estimated \$80,288 from the Committee's reserve fund. The reserve fund's balance, expected to be \$612,522 at the end of the 2025-2026 fiscal period, would be kept at a level that the Committee believes is appropriate and which is compliant with the provisions of the Order.

Prior to arriving at this budget and proposed assessment rate, the Committee discussed various alternatives, including maintaining the current assessment rate of \$0.07 per hundredweight, and decreasing the assessment rate by varying amounts. However, the Committee determined that the recommended \$0.05 per hundredweight assessment rate would materially fund most of its budgeted expenses, with the balance made up from other income and by utilizing \$80,288 of its operating reserve. The proposed assessment rate was derived by considering anticipated expenses, the projected volume of assessable Idaho-Eastern Oregon onions, grant funds awarded, other income, the projected balance of funds held in reserve, and additional pertinent factors.

A review of NASS information indicates that the average producer price for the 2023 crop year was \$21.50 per hundredweight of onions in the production area. Further, the Committee reported the quantity of assessable Idaho-Eastern Oregon onions handled in the 2023-2024 fiscal period was 9,980,829 hundredweight, which yields estimated total producer revenue of \$214,587,824 (\$21.50 per hundredweight multiplied by 9,980,829). Therefore, utilizing the assessment rate of \$0.05 per hundredweight, assessment revenue for the 2023-2024 fiscal period as a percentage of total producer revenue would have been approximately 0.23 percent ($\$0.05 \text{ multiplied by } 9,980,829 \text{ per hundredweight divided by } \$214,587,824 \text{ and multiplied by } 100$).

This proposed rule would decrease the assessment obligation imposed on Idaho-Eastern Oregon onion handlers. Assessments are applied uniformly on all handlers, based upon their volume handled. Some of those costs may be passed on to producers. However, those costs are expected to be offset by the benefits derived by the operation of the Order.

The Committee's meetings are widely publicized throughout the production area. The Idaho-Eastern Oregon onion industry and all interested persons are invited to attend the meetings and participate in Committee deliberations on all issues. Like all

Committee meetings, the April 17, 2025, 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 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 Idaho-Eastern Oregon 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.

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

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

After consideration of all relevant material presented, including the information and recommendations submitted by the Committee and other available information, USDA has determined that this proposed rule is consistent with, and will effectuate the purposes of, the Act.

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 rule.

List of Subjects in 7 CFR Part 958

Marketing agreements, Onions, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Agricultural Marketing Service proposes to amend 7 CFR part 958 as follows:

PART 958 - ONIONS GROWN IN CERTAIN DESIGNATED COUNTIES IN IDAHO, AND MALHEUR COUNTY, OREGON.

1. The authority citation for 7 CFR part 958 continues to read as follows:

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

2. Section 958.240 is revised to read as follows:

§ 958.240 Assessment rate.

On and after July 1, 2025, an assessment rate of \$0.05 per hundredweight is established for Idaho-Eastern Oregon onions.

Erin Morris,

Administrator,

Agricultural Marketing Service.

[FR Doc. 2026-02589 Filed: 2/9/2026 8:45 am; Publication Date: 2/10/2026]