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Agricultural Marketing Service

7 CFR Part 956

[Doc. No. AMS-SC-24-0080]

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

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This final rule implements a recommendation from the Walla Walla Sweet Onion Marketing Committee (Committee) to decrease the assessment rate established for the 2025 fiscal period and subsequent fiscal periods from \$0.20 to \$0.17 per 50-pound bag or equivalent for sweet onions grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon. The assessment rate will remain in effect indefinitely until modified, suspended, or terminated.

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

FOR FURTHER INFORMATION CONTACT: Kelsey Dugan, Marketing Specialist, or Barry Broadbent, Chief, Northwest Region Branch, Market Development Division, Specialty Crops Program, AMS, USDA; Telephone: (503) 326-2724, or Email: Kelsey.Dugan@usda.gov or Barry.Broadbent@usda.gov.

SUPPLEMENTARY INFORMATION: This action, pursuant to 5 U.S.C. 553, amends regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This final rule is issued under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674) (the Act), amending Marketing Agreement and Order No. 956 (7 CFR part 956; the Order), regulating the handling of sweet onions grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon. The Committee locally

administers the Order and is comprised of producers and handlers of Walla Walla sweet onions operating within the area of production, as well as a public member.

This action is exempt from the Office of Management and Budget (OMB) review process required by Executive Order 12866. This rule amends existing Marketing Order No. 956, as amended (7 CFR part 956), Sweet Onions Grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon, and is necessary for the continued operation of Marketing Order No. 956. Additionally, this action is exempt from the requirements of Executive Order 14192, “Unleashing Prosperity Through Deregulation,” pursuant to section 5(c).

This final 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. The Agricultural Marketing Service (AMS) has determined that this final 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 final 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 will be applicable to all assessable Walla Walla sweet onions for the 2025 fiscal period, 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 608(c)(15)(A) of the Act, any handler subject to an order may file with U.S. Department of Agriculture (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 not later than 20 days after the date of the entry of the ruling.

This final rule decreases the assessment rate for Walla Walla sweet onions handled under the Order from \$0.20 to \$0.17 per 50-pound bag or equivalent for the 2025 fiscal period and subsequent fiscal periods.

Sections 956.41 and 956.42 of the Order authorize the Committee, with AMS approval, 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 fiscal period and subsequent fiscal periods, the Committee recommended, and AMS approved, an assessment rate of \$0.20 per 50-pound bag or equivalent of Walla Walla sweet onions. 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 December 4, 2024, and unanimously recommended, with a vote of six in favor and none opposed, 2025 fiscal period expenditures of \$58,374 and an assessment rate of \$0.17 per 50-pound bag or equivalent of Walla Walla sweet onions handled for the 2025 fiscal period and subsequent fiscal periods. In comparison, the 2024 fiscal period budgeted expenditures were \$56,330. The \$0.17 per 50-pound bag or

equivalent assessment rate is \$0.03 lower than the rate currently in effect. The Committee recommended decreasing the assessment rate to reduce its reserve funds to within a level authorized under the Order. The Committee estimates 222,950 50-pound bags or equivalent of assessable Walla Walla sweet onions for the 2025 fiscal period, which is 20,800 50-pound bags or equivalent fewer than was projected for the 2024 fiscal period.

The Committee derived the recommended assessment rate by considering anticipated expenses, an estimated 222,950 50-pound bags or equivalent of assessable Walla Walla sweet onions, and the amount of funds available in the authorized reserve. The estimated 222,950 50-pound bags or equivalent of Walla Walla sweet onions from the 2025 crop is expected to generate \$37,902 in assessment revenue at the new assessment rate (222,950 50-pound bags or equivalent multiplied by \$0.17 assessment rate). The income generated from handler assessments, along with \$20,472 in reserve funds, should be sufficient to meet the Committee's estimated program expenditures of \$58,374 for the 2025 fiscal period. Funds available in the financial reserve (currently about \$91,694) will be kept within the maximum permitted by the Order (not to exceed two fiscal period's budgeted expenses, as authorized in § 956.44).

The assessment rate will 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 will be in effect for an indefinite period, the Committee will 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 will 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 fiscal period budget, and those for subsequent fiscal periods, will be reviewed and as appropriate, approved by AMS.

Final Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612), AMS has considered the economic impact of this final rule on small entities. Accordingly, AMS has prepared this final 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 12 producers of Walla Walla sweet onions in the production area and eight handlers subject to regulation under the Order. At the time this analysis was prepared, the Small Business Administration (SBA) defined small agricultural producers of Walla Walla sweet onions as those having annual receipts equal to or less than \$3,750,000 (North American Industry Classification System (NAICS) code 111219, Other Vegetable (except Potato) and Melon Farming) and small agricultural service firms as those having annual receipts equal to or less than \$34,000,000 (NAICS code 115114, Postharvest Crop Activities)(13 CFR 121.201).

The USDA National Agricultural Statistics Service (NASS) reported an average 2020-2023 Washington dry onion annual producer price of \$9.13 to \$26.20 per hundredweight. The average over those years was approximately \$17.98 per hundredweight, or \$8.99 per 50-pound bag or equivalent. Total production of Walla Walla sweet onions for the 2024 season was reported by the Committee to be 283,136 50-pound bags or equivalent. Using the average price from 2020-2023, the most recent

years for which there is NASS data, the total 2024 crop value of Walla Walla sweet onions could therefore be estimated to be \$2,545,393 (283,136 50-pound bags or equivalent multiplied by \$8.99 per 50-pound equivalent). Dividing the estimated crop value by the estimated number of producers yields an estimated average receipt per producer of \$212,116 (\$2,545,393 divided by 12 producers), which is well below the SBA small agricultural producer threshold of \$3,750,000 in annual receipts.

According to AMS Market News data, the terminal market price for Walla Walla sweet onions in 2021 (the most recent season for which data is available) was \$34.96 per 40-pound carton. Multiplying this figure by 1.25 to adjust for a 50-pound bag or equivalent yields an average 2021 terminal market price of \$43.70 per 50-pound bag or equivalent. Multiplying the 2024 Walla Walla sweet onion production of 283,136 50-pound bags or equivalent by the estimated average price per 50-pound bag or equivalent of \$43.70 equals \$12,373,043 (\$34.96 times 1.25 times 283,136). Dividing this figure by the eight regulated handlers yields estimated average annual handler receipts of \$1,546,630 (\$12,373,043 divided by 8 handlers), which is below the SBA threshold for small agricultural service firms of \$34,000,000 in annual receipts. Therefore, using the above data, all of the producers and handlers of Walla Walla sweet onions would be classified as small entities according to the SBA definition.

This final rule decreases the assessment rate collected from handlers for the 2025 fiscal period and subsequent fiscal periods from \$0.20 to \$0.17 per 50-pound bag or equivalent of Walla Walla sweet onions. The Committee unanimously recommended 2025 fiscal period expenditures of \$58,374 and an assessment rate of \$0.17 per 50-pound bag or equivalent of Walla Walla sweet onions. The new assessment rate of \$0.17 is \$0.03 lower than the current rate. The Committee estimates the industry will handle 222,950 50-pound bags or equivalent of Walla Walla sweet onions during the 2025 fiscal period. Thus, the \$0.17 per 50-pound bag or equivalent rate should provide \$37,902 in

assessment income (222,950 50-pound bags or equivalent multiplied by \$0.17). The Committee also expects to use \$20,472 from its financial reserve to cover remaining expenses. Income derived from handler assessments, along with reserve funds, should be adequate to meet budgeted expenditures for the 2025 fiscal period.

In recent years, the Committee has added to its reserve funds by collecting assessment revenue in excess of budgeted expenditures. The Committee recommended decreasing the assessment rate to refrain from holding excessive funds in its reserve. The Committee will adequately fund 2025 budgeted expenses from assessment revenue and funds from its reserve. This final rule is expected to lower and maintain the Committee's reserve balance at a level that the Committee believes is appropriate and is compliant with the Order's provisions.

Prior to arriving at this budget and the assessment rate recommendation, the Committee discussed various alternatives, including maintaining the current assessment rate of \$0.20 per 50-pound bag or equivalent as well as decreasing the assessment rate by different amounts. Ultimately, the Committee determined that the recommended assessment rate will be able to fund most of its 2025 fiscal period budgeted expenses, with the remaining balance coming from its financial reserve, which will be kept at a balance authorized by the Order. The assessment rate of \$0.17 per 50-pound bag or equivalent of Walla Walla sweet onions was derived by considering anticipated expenses, the projected volume of assessable Walla Walla sweet onions, the projected monetary balance held in reserve, and additional pertinent factors.

A review of NASS information indicates that the average producer price for the 2020-2023 crop years was \$8.99 per 50-pound bag or equivalent. Further, the Committee reported the quantity of assessable Walla Walla sweet onions harvested in the 2024 fiscal period was 283,136 50-pound bags or equivalent, which yields estimated total producer revenue for the 2024 fiscal period of approximately \$2,545,393 (\$8.99 per 50-pound bag

or equivalent multiplied by 283,136). Therefore, utilizing the assessment rate of \$0.17 per 50-pound bag or equivalent, assessment revenue for the 2024 fiscal period, as a percentage of total producer revenue, would be approximately 1.89 percent ($\$0.17$ multiplied by 283,136 per 50-pound bags or equivalent divided by \$2,545,393 and multiplied by 100).

This final rule decreases 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 are expected to be offset by the benefits derived by the operation of the Order.

Committee meetings are widely publicized throughout the production area. The Walla Walla sweet 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 December 4, 2024, meeting was a public meeting and all entities, both large and small, were able to express views on this issue. Finally, interested persons were invited to submit comments on this 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 are necessary as a result of this final rule. Should any changes become necessary, they would be submitted to OMB for approval.

This final rule will not impose any 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.

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.

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

A proposed rule concerning this action was published in the **Federal Register** on October 1, 2025 (90 FR 47245). Copies of the proposed rule were provided to all Walla Walla sweet onion handlers. In addition, the proposal was made available through the internet by AMS and the Office of the **Federal Register** via <https://www.regulations.gov>. A 30-day comment period ending October 31, 2025, was provided for interested persons to respond to the proposal. AMS received three comments during the comment period. Two comments supported the proposal, while one comment challenged the procedural sufficiency of the rulemaking, asserting that AMS did not adhere to the requirements of the Administrative Procedure Act and the Regulatory Flexibility Act. After review of the comment, AMS determined that all the statutory and procedural requirements for rulemaking have been met regarding this action. Accordingly, AMS made no changes to the rule as proposed.

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

List of Subjects in 7 CFR Part 956

Marketing agreements, Onions, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 956 is 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 revised to read as follows:

§ 956.202 Assessment rate.

On and after January 1, 2025, an assessment rate of \$0.17 per 50-pound bag or equivalent is established for Walla Walla sweet onions.

Erin Morris,
Administrator,
Agricultural Marketing Service.

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