

A review of historical information and preliminary information pertaining to the upcoming fiscal period indicates that the f.o.b. price for the 1998-99 season could range between \$4.50 and \$9.00 per $\frac{7}{10}$ bushel carton of oranges and grapefruit, depending upon the fruit variety, size, and quality. Therefore, the estimated assessment revenue for the 1998-99 fiscal period as a percentage of the total pack-out revenue could range between 2.4 and 1.2 percent.

This action 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, decreasing the assessment rate reduces the burden on handlers and may reduce the burden on producers. In addition, the Committee's meeting was widely publicized throughout the Texas orange and grapefruit industry and all interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. Like all Committee meetings, the June 10, 1998, 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 information on the regulatory and informational impacts of this action on small businesses.

This action imposes no additional reporting or recordkeeping requirements on either small or large Texas orange and grapefruit 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.

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

After consideration of all relevant material presented, including the information and recommendation submitted by the Committee and other available information, it is hereby found that this rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect, and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because: (1) The Committee needs to have sufficient funds to pay its expenses which are incurred on a continuous basis; (2) the 1998-99 fiscal period begins on August 1, 1998, and the

marketing order requires that the rate of assessment for each fiscal period apply to all assessable oranges and grapefruit handled during such fiscal period; (3) handlers are aware of this action which was unanimously recommended by the Committee at a public meeting and is similar to other assessment rate actions issued in past years; and (4) this interim final rule provides a 60-day comment period, and all comments timely received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 906

Marketing agreements, Grapefruit, Oranges, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 906 is amended as follows:

PART 906—ORANGES AND GRAPEFRUIT GROWN IN LOWER RIO GRANDE VALLEY IN TEXAS

1. The authority citation for 7 CFR part 906 continues to read as follows:

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

2. Section 906.235 is revised to read as follows:

§ 906.235 Assessment rate.

On and after August 1, 1998, an assessment rate of \$0.11 per $\frac{7}{10}$ bushel carton is established for oranges and grapefruit grown in the Lower Rio Grande Valley in Texas.

Dated: July 21, 1998.

Robert C. Keeney,

Deputy Administrator, Fruit and Vegetable Programs.

[FR Doc. 98-19886 Filed 7-23-98; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 989

[FV98-989-2 IFR]

Raisins Produced From Grapes Grown In California; Increase in Desirable Carryout Used to Compute Trade Demand

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim final rule with request for comments.

SUMMARY: This rule increases the desirable carryout used to compute the yearly trade demand for raisins covered under the Federal marketing order for California raisins. The order regulates the handling of raisins produced from

grapes grown in California and is administered locally by the Raisin Administrative Committee (Committee). Trade demand is computed based on a formula specified in the order, and is used to determine volume regulation percentages for each crop year, if necessary. Desirable carryout, one factor in this formula, is the amount of tonnage from the prior crop year needed during the first part of the next crop year to meet market needs, before new crop raisins are available for shipment. This rule increases the desirable carryout from 2 to 2½ months of prior year's shipments. This increase allows for a higher free tonnage percentage which makes more raisins available to handlers for immediate use early in the season.

DATES: Effective August 1, 1998.

Comments must be received by August 3, 1998.

ADDRESSES: Interested persons are invited to submit written comments concerning this rule. Comments must be sent to the Docket Clerk, Fruit and Vegetable Programs, AMS, USDA, room 2525-S, P.O. Box 96456, Washington, DC 20090-6456; Fax: (202) 205-6632. All comments should reference the docket number and the date and page number of this issue of the **Federal Register** and will be made available for public inspection in the Office of the Docket Clerk during regular business hours.

FOR FURTHER INFORMATION CONTACT:

Maureen T. Pello, Marketing Specialist, California Marketing Field Office, Fruit and Vegetable Programs, AMS, USDA, 2202 Monterey Street, suite 102B, Fresno, California 93721; telephone: (209) 487-5901, Fax: (209) 487-5906; or George Kelhart, Technical Advisor, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, room 2525-S, P.O. Box 96456, Washington, DC 20090-6456; telephone: (202) 720-2491, or Fax: (202) 205-6632. Small businesses may request information on compliance with this regulation by contacting Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, P.O. Box 96456, room 2525-S, Washington, DC 20090-6456; telephone (202) 720-2491; Fax: (202) 205-6632.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement and Order No. 989 (7 CFR part 989), both as amended, regulating the handling of raisins produced from grapes grown in California, hereinafter referred to as the "order." 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 Department of Agriculture (Department) is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule.

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 the Secretary 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. A handler is afforded the opportunity for a hearing on the petition. After the hearing, the Secretary 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 in equity to review the Secretary'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 rule increases the desirable carryout used to compute the yearly trade demand for raisins regulated under the order. Trade demand is computed based on a formula specified in the order, and is used to determine volume regulation percentages for each crop year, if necessary. This rule increases the desirable carryout, one factor in this formula, from 2 to 2½ months of prior year's shipments. This increase allows for a higher free tonnage percentage which makes more raisins available to handlers for immediate use early in the season. This rule was unanimously recommended by the Committee at a meeting on June 11, 1998.

The order provides authority for volume regulation designed to promote orderly marketing conditions, stabilize prices and supplies, and improve producer returns. When volume regulation is in effect, a certain percentage of the California raisin crop may be sold by handlers to any market (free tonnage) while the remaining percentage must be held by handlers in a reserve pool (or reserve) for the account of the Committee. Reserve raisins are disposed of through certain programs authorized under the order.

For instance, reserve raisins may be sold by the Committee to handlers for free use or to replace part of the free tonnage raisins they exported; used in diversion programs; carried over as a hedge against a short crop the following year; or disposed of in other outlets not competitive with those for free tonnage raisins, such as government purchase, distilleries, or animal feed. Net proceeds from sales of reserve raisins are distributed to the reserve pool's equity holders, primarily producers.

Section 989.54 of the order prescribes procedures to be followed in establishing volume regulation and includes methodology used to calculate percentages. Trade demand is based on a computed formula specified in this section, and is used to determine volume regulation percentages. Trade demand is equal to 90 percent of the prior year's shipments, adjusted by the carryin and desirable carryout inventories.

At one time, § 989.54(a) also specified actual tonnages for desirable carryout for each varietal type regulated. However, in 1989, these tonnages were suspended from the order, and flexibility was added so that the Committee could adopt a formula for desirable carryout in the order's rules and regulations. The formula has allowed the Committee to periodically adjust the desirable carryout to better reflect changes in each season's marketing conditions.

The formula for desirable carryout has been specified since 1989 in § 989.154. Initially, the formula was established so that desirable carryout was based on shipments for the first 3 months of the prior crop year—August, September, and October (the crop year runs from August 1 through July 31). This amount was gradually reduced to 2½ months in 1991-92, 2¼ months in 1995-96, and to its current level of 2 months in 1996-97. The Committee reduced the desirable carryout because it believed that an excessive supply of raisins was available early in a new crop year creating unstable market conditions.

At its June 11, 1998, meeting, the Committee evaluated the 2-month desirable carryout level and recommended adjusting the formula back up to 2½ months of prior year's shipments (August, September, and one-half of October). In its deliberations, the Committee considered the impact of the reduction in desirable carryout over the past few years along with a change to one of its export programs operated under the order. Prior to 1995, the Committee administered an industry export program whereby handlers who

purchase, at a reduced rate, reserve raisins for free use. This effectively blended down the cost of the raisins which were exported, allowing handlers to be price competitive in export markets (prices in export markets are generally lower than the domestic market). One problem that the industry found with this "raisin-back" program was that the reserve raisins which handlers received went back into free tonnage outlets creating an excessive supply of raisins. To correct this problem, the industry gradually switched to a program which offered cash, rather than reserve raisins, to exporting handlers. The desirable carryout was reduced down to 2 months to help decrease the supply of raisins available early in a season and, thus, stabilize market conditions.

The Committee now believes that not enough raisins are being made available for growth. Increasing the desirable carryout allows for a higher trade demand figure and, thus, a higher free tonnage percentage which makes more raisins available to handlers for immediate use early in the season. A higher free tonnage percentage may also improve early season returns to producers (producers are paid an established field price for their free tonnage).

At the meeting, the Committee also compared the average desirable carryout for the past 7 years with the average, actual tonnage that all handlers have in inventory at the end of a crop year. Desirable carryout has averaged 66,033 tons at 2½ months, 63,424 tons at 2¼ months, and 63,364 tons at 2 months. For the past 7 years, an average of 101,459 tons has been held in inventory by all handlers at the end of a crop year. Increasing the desirable carryout to 2½ months would allow this factor to move towards what handlers are actually holding in inventory at the end of a crop year.

Much of the discussion at the Committee's meeting concerned the desirable carryout of Natural (sun-dried) Seedless raisins (Naturals). Naturals are the major commercial varietal type of raisin produced in California. Volume regulation has been implemented for Naturals for the past several seasons. However, the Committee also believes that the increase in desirable carryout to 2½ months should apply to the other varietal types of raisins covered under the order.

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this action 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 business subject to such actions in order that small businesses will not be unduly or disproportionately burdened.

Marketing orders issued pursuant to the Act, and rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 20 handlers of California raisins who are subject to regulation under the order and approximately 4,500 raisin producers in the regulated area. Small agricultural service firms have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than \$5,000,000, and small agricultural producers are defined as those having annual receipts of less than \$500,000. No more than 7 handlers, and a majority of producers, of California raisins may be classified as small entities. Thirteen of the 20 handlers subject to regulation have annual sales estimated to be at least \$5,000,000, and the remaining 7 handlers have sales less than \$5,000,000, excluding receipts from any other sources.

This rule increases the desirable carryout used to compute the yearly trade demand for raisins regulated under the order. Trade demand is computed based on a formula specified under § 989.54(a) of the order, and is used to determine volume regulation percentages for each crop year, if necessary. Desirable carryout, one factor in this formula, is the amount of tonnage from the prior crop year needed during the first part of the succeeding crop year to meet market needs, before new crop raisins are available for shipment. This rule increases the desirable carryout specified in § 989.154 from 2 to 2½ months of prior year's shipments.

The 2½ month desirable carryout level applies uniformly to all handlers in the industry, whether small or large, and there are no known additional costs incurred by small handlers. As previously mentioned, increasing the desirable carryout increases trade demand and the free tonnage percentage which makes more raisins available to handlers early in the season. A higher free tonnage percentage may also improve early season returns to producers (producers are paid an established field price for their free tonnage).

The Committee considered a number of alternatives to the one-half month

increase in the desirable carryout level. The Committee has an appointed subcommittee which periodically holds public meetings to discuss changes to the order and other issues. The subcommittee met on April 21 and June 9, 1998, and discussed desirable carryout. The subcommittee considered establishing a set tonnage for desirable carryout (i.e., 75,000 tons for Naturals). However, this alternative would not allow the desirable carryout to fluctuate with changing market conditions from year to year. The subcommittee considered lowering the desirable carryout for Naturals by 15,000 tons to tighten the supply of raisins early in the season even more. However, the majority of subcommittee members believed that the early season supply of raisins needed to be increased rather than decreased.

Another alternative raised at the Committee meeting was to make more raisins available to handlers at the end of a crop year through the industry's "10 plus 10" offers. The "10 plus 10" offers are two offers of reserve pool raisins which are made available to handlers during each season. Handlers may sell their "10 plus 10" raisins as free tonnage to any market. For each such offer, a quantity of reserve raisins equal to 10 percent of the prior year's shipments is made available for free use. The Committee considered offering for sale to handlers as free use an additional quantity of reserve raisins equal to 5 percent of the prior year's shipments. Such an additional offer could generate revenue that could be used to sustain the Committee's "cash-back" export program. As previously explained, under this program, handlers who export raisins to certain markets may receive cash from the reserve pool. This effectively blends down the cost of the raisins which were exported, allowing handlers to be price competitive in export markets (prices in export markets are generally lower than the domestic market). However, there is currently no provision in the order for this additional 5 percent offer.

Another alternative that was raised at the Committee's meeting was to include a policy statement concerning reserve pool equity along with the recommendation to increase the desirable carryout. Some industry members are concerned that increasing desirable carryout, thereby increasing the free tonnage percentage, may reduce handler purchases of "10 plus 10" raisins and, thus, impact pool revenue. As previously mentioned, net proceeds from sales of reserve raisins are distributed to reserve pool equity holders, primarily small producers.

After much discussion, the majority of Committee members agreed that reserve pool equity was a separate issue from desirable carryout and would be addressed by the Committee's Audit Subcommittee.

This rule will not impose any additional reporting or recordkeeping requirements on either small or large raisin 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. Finally, the Department has not identified any relevant Federal rules that duplicate, overlap or conflict with this rule.

In addition, the Committee's subcommittee meetings on April 21 and June 9, 1998, and the Committee meeting on June 11, 1998, where this action was deliberated were public meetings widely publicized throughout the raisin industry. All interested persons were invited to attend the meetings and participate in the industry's deliberations. Finally, all interested persons are invited to submit information on the regulatory and informational impacts of this action on small businesses.

After consideration of all relevant material presented, including the Committee's recommendation, and other information, it is found that this interim final rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

This rule invites comments on increasing the desirable carryout level currently specified under the California raisin order. A 10-day comment period is deemed appropriate because the order provides that the Committee meet to compute and announce the trade demand for any varietal type for which volume regulation may be recommended for the 1998-99 crop year on or before August 15, and desirable carryout is a necessary factor in that calculation. Any comments received will be considered prior to finalization of this rule.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because: (1) The 1998-99 crop year begins on August 1, 1998, and this rule should be effective promptly because the order provides that the Committee meet on or before August 15 to compute and announce the trade demand, and

the desirable carryout level is a necessary item in that calculation; (2) this action is a relaxation in that increasing the desirable carryout increases the trade demand and free tonnage percentage making more raisins available to handlers for immediate use early in the season; (3) producers and handlers are aware of this action which was unanimously recommended by the Committee at a public meeting; and (4) this rule provides a 10-day comment period and any comments received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 989

Grapes, Marketing agreements, Raisins, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 989 is amended as follows:

PART 989—RAISINS PRODUCED FROM GRAPES GROWN IN CALIFORNIA

1. The authority citation for 7 CFR part 989 continues to read as follows:

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

2. Section 989.154 is revised to read as follows:

§ 989.154 Desirable carryout levels.

The desirable carryout levels to be used in computing and announcing a crop year's marketing policy shall be equal to the total shipments of free tonnage of the prior crop year during August, September, and one-half of October, for each varietal type, converted to a natural condition basis: *Provided*, That should the prior year's shipments be limited because of crop conditions, the Committee may select the total shipments during the months of August, September, and one-half of October during one of the three crop years preceding the prior crop year.

Dated: July 21, 1998.

Robert C. Keeney,

Deputy Administrator, Fruit and Vegetable Programs.

[FR Doc. 98-19874 Filed 7-22-98; 10:03 am]

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FEDERAL HOUSING FINANCE BOARD

12 CFR Part 934

[No. 98-32]

RIN 3069-AA70

Authority to Approve Federal Home Loan Bank Bylaws

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is adopting the interim final rule that added a new provision to its regulation on Federal Home Loan Bank (FHLBank) operations to devolve responsibility for approving FHLBank bylaws or amendments thereto from the Finance Board to the boards of directors of the FHLBanks as a final rule without change. The rule is part of the Finance Board's continuing effort to devolve management and governance responsibilities to the FHLBanks and is consistent with the goals of the Regulatory Reinvention Initiative of the National Performance Review.

EFFECTIVE DATE: The final rule will become effective on August 24, 1998.

FOR FURTHER INFORMATION CONTACT: Amy R. Maxwell, Compliance Assistance Division, Office of Policy, 202/408-2882, or Janice A. Kaye, Attorney-Advisor, Office of General Counsel, 202/408-2505, Federal Housing Finance Board, 1777 F Street, N.W., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Background

Subject to the approval of the Finance Board, section 12(a) of the Federal Home Loan Bank Act authorizes the board of directors of each FHLBank to "prescribe, amend, and repeal by-laws, rules, and regulations governing the manner in which its affairs may be administered." 12 U.S.C. 1432(a). In December 1997, the Finance Board published an interim final rule with request for comments that added a new section, designated as § 934.16, to its regulation on FHLBank operations. See 62 FR 65197 (Dec. 11, 1997), *codified at* 12 CFR 934.16. The 30-day public comment period closed on January 12, 1998. See *id.* This new provision authorizes the board of directors of each FHLBank to prescribe, amend, or repeal bylaws or bylaws amendments governing the manner in which the FHLBank administers its affairs without the prior approval of the Finance Board provided that the bylaws or bylaws amendments are consistent with

applicable statutes, regulations, and Finance Board policies.

II. Analysis of Public Comments and the Final Rule

The Finance Board received one comment in response to the interim final rule. The commenter supports the rule because it promotes more efficient operations that benefit the FHLBanks, their members, and homebuyers. Accordingly, for the reasons set forth in detail in the interim final rulemaking, the Finance Board is adopting the interim final rule that devolves responsibility for approving FHLBank bylaws and amendments thereto from the Finance Board to the boards of directors of the FHLBanks without change.

III. Regulatory Flexibility Act

The Finance Board adopted this amendment to part 934 in the form of an interim final rule and not as a proposed rule. Therefore, the provisions of the Regulatory Flexibility Act do not apply. See 5 U.S.C. 601(2), 603(a).

IV. Paperwork Reduction Act

This final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. See 44 U.S.C. 3501 *et seq.* Consequently, the Finance Board has not submitted any information to the Office of Management and Budget for review.

List of Subjects in 12 CFR Part 934

Federal home loan banks, Securities, Surety bonds.

Accordingly, the Federal Housing Finance Board hereby adopts the interim final rule amending 12 CFR part 934 that was published at 62 FR 65197 on December 11, 1997, as a final rule without any change.

Dated: July 8, 1998.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,
Chairperson.

[FR Doc. 98-19811 Filed 7-23-98; 8:45 am]

BILLING CODE 6725-01-P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 937

[No. 98-28]

Financial Disclosure by the Federal Home Loan Banks

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.