

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Food Safety and Inspection Service

9 CFR Parts 391 and 590

[Docket No.00-025P]

RIN 0583-AC74

Increases in Fees for Meat, Poultry, and Egg Products Inspection Services—Fiscal Year (FY) 2001

AGENCY: Food Safety and Inspection Service, USDA.

ACTION: Proposed rule.

SUMMARY: The Food Safety and Inspection Service (FSIS) is proposing to increase the fees that it charges meat and poultry establishments, egg products plants, importers, and exporters for providing voluntary inspection services, overtime and holiday inspection services, identification services, certification services, and laboratory services. These proposed increases in fees reflect the national and locality pay raise for Federal employees (proposed 3.7 percent effective January 2001) and inflation. The Agency is proposing to make the increases in fees effective October 8, 2000. At this time, FSIS is not proposing to amend the fee for the Accredited Laboratory Program.

DATES: The Agency must receive comments by August 23, 2000.

ADDRESSES: Submit one original and two copies of written comments to FSIS Docket Clerk, Docket #00-025P, U.S. Department of Agriculture, Food Safety and Inspection Service, Room 102, Cotton Annex, 300 12th Street, SW, Washington, DC 20250-3700. All comments submitted in response to this proposal will be available for public inspection in the Docket Clerk's Office between 8:30 a.m. and 4:30 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: For information concerning policy issues, contact Daniel Engeljohn, Ph.D., Director, Regulations Development and

Analysis Division, Office of Policy, Program Development, and Evaluation, FSIS, U.S. Department of Agriculture, Room 112, Cotton Annex, 300 12th Street, SW., Washington, DC 20250-3700, (202) 720-5627, fax number (202) 690-0486.

For information concerning fee development, contact Michael B. Zimmerer, Director, Financial Management Division, Office of Management, FSIS, U.S. Department of Agriculture, Room 2130-S, 1400 Independence Avenue, SW., Washington, DC 20250-3700, (202) 720-3552.

SUPPLEMENTARY INFORMATION:

Background

The Federal Meat Inspection Act (FMIA) (21 U.S.C. 601 *et seq.*), the Poultry Products Inspection Act (PPIA) (21 U.S.C. 451 *et seq.*), and the Egg Products Inspection Act (EPIA) (21 U.S.C. 1031 *et seq.*) provide for mandatory Federal inspection of meat and poultry slaughter and processing at official establishments and of egg products at official plants. FSIS bears the cost of mandatory inspection. Establishments and plants pay for inspection services performed on holidays or on an overtime basis.

In addition, under the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1621 *et seq.*), FSIS provides a range of voluntary inspection, certification, and identification services to assist in the orderly marketing of various animal products and byproducts. These services include the certification of technical animal fats and the inspection of exotic animal products, such as antelope and elk. FSIS is required to recover the costs of voluntary inspection, certification, and identification services.

Under the Agricultural Marketing Act of 1946, FSIS also provides certain voluntary laboratory services that establishments and others may request the Agency to perform. Laboratory services are provided for four types of analytic testing: microbiological testing, residue chemistry tests, food composition tests, and pathology testing. FSIS must recover these costs.

Every year FSIS reviews the fees that it charges for providing overtime and holiday inspection services; voluntary inspection, identification, and certification services; and laboratory

services. The Agency performs a cost analysis to determine whether the fees that it has established are adequate to recover the costs that it incurs in providing these services. In the Agency's analysis of projected costs for October 8, 2000 to September 30, 2001, the Agency has identified increases in the costs of these nonmandatory inspection services. The proposed increases in fees are attributable to cost escalation, specifically the national and locality pay raise for Federal employees (proposed 3.7 percent effective January 2001) and inflation.

FSIS calculated the proposed fees by adding salaries and inflation for FY 2000 and FY 2001 to the actual cost of the services in FY 1999. The Agency calculated inflation to be 1.55% for FY 2000 and 1.90% for FY 2001. The Agency considered the costs that it will incur because of the pay raise in January 2001 and averaged its pay costs out over the entire FY 2001.

FSIS did not use the fees currently charged as a base for calculating the proposed fees for FY 2001 because the current fees are based on estimates of costs to the Agency for FY 1999 and FY 2000. The Agency now knows the actual cost of inspection services for FY 1999 and used the actual costs in calculating the proposed fees.

FSIS is exploring the possibility of proposing a three to five year plan of fee rate adjustments based on estimates of cost escalation.

FSIS is proposing to amend 9 CFR 391.2 to increase the base time fee for providing meat and poultry voluntary inspection, identification, and certification services from \$37.88 per hour per employee to \$38.44 per hour per program employee. FSIS is also proposing to amend §§ 391.3, 590.126, and 590.128(a) to increase the rate for providing meat, poultry, and egg products overtime and holiday inspection services from \$39.76 per hour per employee to \$41.00 per hour per employee. In addition, FSIS is proposing to amend § 391.4 to increase the rate for laboratory services from \$58.52 per hour per employee to \$60.04 per hour per employee. The current and proposed fees are listed by type of service in Table 1.

TABLE 1.—CURRENT AND PROPOSED FEES—PER HOUR PER EMPLOYEE—BY TYPE OF SERVICE

Service	Current rate	Proposed rate
Base time	\$37.88	\$38.44
Overtime & holiday	39.76	41.00
Laboratory	58.52	60.04

The differing fee increase for each type of service is the result of the different amount that it costs FSIS to provide these three types of services. The differences in costs stem from various factors including different salary levels of the program employees who perform the services. See Table 2.

TABLE 2.—CALCULATIONS FOR THE DIFFERENT TYPES OF SERVICES

Base time	
Actual FY 1999 cost	\$35.52
Inflation and salary increases	2.91
Adjustment for divisibility by quarter hours01
Total	\$38.44
Overtime and holiday inspection services:	
Actual FY 1999 cost	\$37.88
Inflation and salary increases	3.10
Adjustment for divisibility by quarter hours02
Total	\$41.00
Laboratory Services	
Actual FY 1999 cost	\$55.50
Inflation and salary increases	4.54
Total	\$60.04

New fees for egg products overtime and holiday inspection services will become effective on July 30, 2000. However, FSIS is proposing a new fee because the Agency has moved to a FY basis for reviewing fees and is charging the same fee for meat, poultry, and egg products overtime and holiday inspection services. FSIS calculated the proposed fees based on the presumption that they would become effective at the start of FY 2001, October 8, 2000.

To expeditiously move this rulemaking to recover the increase in costs, and because the Agency has previously announced (64 FR 61223) (65 FR 11486) that it would be reviewing these fees on a FY basis, the Administrator has determined that 30 days for public comment is sufficient.

Executive Order 12866 and Regulatory Flexibility Act

Because this proposed rule has been determined to be not significant, the Office of Management and Budget

(OMB) did not review it under Executive Order 12866.

The Administrator, FSIS, has determined that this proposed rule would not have a significant economic impact, as defined by the Regulatory Flexibility Act (5 U.S.C. 601), on a substantial number of entities.

Small establishments and plants should not be affected adversely by the proposed increases in fees because the proposed fee increases provided for reflect only a small increase in the costs currently borne by those entities that choose to use certain inspection services. These inspection services are generally sought by larger establishments and plants because of larger production volume, greater complexity and diversity in the products they produce, and the need for on-time delivery of large volumes of product by their clients—generally large commercial or institutional establishments.

Moreover, smaller establishments and plants are unlikely to use a significant amount of overtime and holiday inspection services. Establishments and plants that seek FSIS services are likely to have calculated that the incremental costs of overtime and holiday inspection services would be less than the incremental expected benefits of additional revenues they would realize from additional production.

Economic Effects

Under the proposed fees, the Agency expects to collect an estimated \$106.2 million in revenues for FY 2001, compared to \$103 million under the current fee structure.

The costs that industry would experience by the proposed raise in fees are similar to other increases the industry faces due to inflation and wage increases.

The total volume of meat and poultry slaughtered under Federal inspection in 1998 was about 81 billion pounds. The total volume of U.S. egg product production in 1998 was about 3.2 billion pounds. The increase in cost per pound of product associated with these proposed fees increases is \$.00004. Even in competitive industries like meat, poultry, and egg products, this amount of increase in costs would have an insignificant impact on profits and prices.

The industry is likely to pass through a significant portion of the fee increase to consumers because of the inelastic nature of the demand curve facing these firms. Research has shown that consumers are unlikely to reduce demand significantly for meat and poultry products, including egg

products, when prices increase. Huang estimates that demand would fall by .36 percent for a one percent increase in price (Huang, Kao S., *A Complete System of U.S. Demand for Food*. USDA/ERS Technical Bulletin No. 1821, 1993, p.24). Because of the inelastic nature of demand and the competitive nature of the industry, individual firms are not likely to experience any change in market share to response to an increase in inspection fees.

Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. This proposed rule: (1) Preempts State and local laws and regulations that are inconsistent with this rule; (2) has no retroactive effect; and (3) does not require administrative proceedings before parties may file suit in court challenging this rule. However, the administrative procedures specified in 9 CFR 306.5, 381.35, and 590.320 through 590.370, respectively, must be exhausted before any judicial challenge of the application of the provisions of this proposed rule, if the challenge involves any decision of an FSIS employee relating to inspection services provided under the FMIA, PPIA, or EPIA.

Additional Public Notification

Public awareness of all segments of rulemaking and policy development is important. Consequently, in an effort to better ensure that minorities, women, and persons with disabilities are aware of this proposed rule, FSIS will announce and provide copies of this **Federal Register** publication in the *FSIS Constituent Update*. FSIS provides a weekly *FSIS Constituent Update* via fax to over 300 organizations and individuals. In addition, the update is available on line through the FSIS web page located at <http://www.fsis.usda.gov>. The update is used to provide information regarding FSIS policies, procedures, regulations, **Federal Register** notices, FSIS public meetings, recalls, and any other types of information that could affect or would be of interest to our constituents/stakeholders. The constituent fax list consists of industry, trade, and farm groups, consumer interest groups, allied health professionals, scientific professionals, and other individuals that have requested to be included. Through these various channels, FSIS is able to provide information to a much broader, more diverse audience than would be otherwise possible. For more information or to be added to the constituent fax list, fax your request to

the Congressional and Public Affairs Office, at (202) 720-5704.

List of Subjects

9 CFR Part 391

Fees and charges, Government employees, Meat inspection, Poultry products.

9 CFR Part 590

Eggs and egg products, Exports, Food labeling, Imports.

Accordingly, FSIS proposes to amend 9 CFR chapter III as follows:

PART 391—FEES AND CHARGES FOR INSPECTION AND LABORATORY ACCREDITATION

1. The authority citation for part 391 continues to read as follows:

Authority: 7 U.S.C. 138f; 7 U.S.C. 394, 1622 and 1624; 21 U.S.C. 451 *et. seq.*; 21 U.S.C. 601-695; 7 CFR 2.18 and 2.53.

2. Sections 391.2, 391.3, and 391.4 are revised to read as follows:

§ 391.2 Base time rate.

The base time rate for inspection services provided pursuant to §§ 350.7, 351.8, 351.9, 352.5, 354.101, 355.12, and 362.5 of this chapter is \$38.44 per hour per program employee.

§ 391.3 Overtime and holiday rate.

The overtime and holiday rate for inspection services provided pursuant to §§ 307.5, 350.7, 351.8, 351.9, 352.5, 354.101, 355.12, 362.5 and 381.38 of this chapter is \$41.00 per hour per program employee.

§ 391.4 Laboratory services rate.

The rate for laboratory services provided pursuant to §§ 350.7, 351.9, 352.5, 354.101, 355.12, and 362.5 of this chapter is \$60.44 per hour per program employee.

PART 590—INSPECTION OF EGGS AND EGG PRODUCTS (EGG PRODUCTS INSPECTION ACT)

3. The authority citation for Part 590 continues to read as follows:

Authority: 21 U.S.C. 1031-1056.

4. Section 590.126 is revised to read as follows:

§ 590.126 Overtime inspection service.

When operations in an official plant require the services of inspection personnel beyond their regularly assigned tour of duty on any day or on a day outside the established schedule, such services are considered as overtime work. The official plant must give reasonable advance notice to the inspector of any overtime service

necessary and must pay the Agency for such overtime at an hourly rate of \$41.00.

5. In § 590.128, paragraph (a) is revised to read as follows:

§ 590.128 Holiday inspection service.

(a) When an official plant requires inspection service on a holiday or a day designated in lieu of a holiday, such service is considered holiday work. The official plant must, in advance of such holiday work, request the inspector in charge to furnish inspection service during such period and must pay the Agency for such holiday work at an hourly rate of \$41.00.

* * * * *

Done at Washington, DC, on July 18, 2000.

Thomas J. Billy,

Administrator.

[FR Doc. 00-18567 Filed 7-21-00; 8:45 am]

BILLING CODE 3410-DM-P

FEDERAL RESERVE SYSTEM

12 CFR Part 226

[Regulation Z; Docket No. R-1075]

Truth in Lending

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Public hearings; notice of additional site.

SUMMARY: On July 12, 2000, the Board published a notice of three public hearings on predatory lending practices in the home-equity lending market, and invited consumers, consumer advocacy organizations, lenders, and other interested parties to attend and to provide written comments on relevant issues. The Board will hold a fourth hearing in Chicago, and is republishing the earlier notice with information about the additional site.

DATES: *Hearings.* The hearings are scheduled as follows:

1. Charlotte, North Carolina, July 27, 2000, 9 a.m. to 4:30 p.m.
2. Boston, Massachusetts, August 4, 2000, 9 a.m. to 4:30 p.m.
3. Chicago, Illinois, August 16, 2000, 9 a.m. to 4:30 p.m.
4. San Francisco, California, September 7, 2000, 9 a.m. to 4:30 p.m.

Comments. Comments from persons unable to attend the hearings or wishing to submit written views on the issues raised in this notice must be received by Friday, September 1, 2000.

ADDRESSES: *Hearings.* Hearings will be held at the following locations:

1. Charlotte, North Carolina,—Federal Reserve Bank of Richmond, Charlotte Branch, 530 East Trade Street.

2. Boston, Massachusetts—Federal Reserve Bank of Boston, 600 Atlantic Street.

3. Chicago, Illinois—Federal Reserve Bank of Chicago, 230 South LaSalle Street.

4. San Francisco, California—Federal Reserve Bank of San Francisco, 101 Market Street.

Comments. Comments on the questions listed in this document should refer to Docket No. R-1075, and may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551 or mailed electronically to regs.comments@federalreserve.gov.

Comments addressed to Ms. Johnson may also be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m. weekdays, and to the security control room at all other times. The mail room and the security control room, both in the Board's Eccles Building, are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments may be inspected in room MP-500 in the Board's Martin Building between 9 a.m. and 5 p.m., pursuant to the Board's Rules Regarding the Availability of Information, 12 CFR part 261.

FOR FURTHER INFORMATION CONTACT:

Kyung Cho-Miller, Counsel, or Jane E. Ahrens, Senior Counsel, Division of Consumer and Community Affairs, at (202) 452-3667 or 452-2412; for the hearing impaired *only*, contact Janice Simms, Telecommunication Device for the Deaf, (202) 872-4984.

For directions and other matters relating to the meeting facilities in Charlotte, contact Mary Chick, (704) 358-2495; in Boston, Cynthia Reardon, (617) 973-3512; in Chicago, Nisreen Darwish, (312) 322-4780 or Barbara Shoulders (312) 322-8232; in San Francisco, Lena Robinson, (415) 974-2422.

SUPPLEMENTARY INFORMATION:

I. Background

In 1994, the Congress enacted the Home Ownership and Equity Protection Act of 1994 (HOEPA) as an amendment to the Truth in Lending Act (TILA). HOEPA was a response to anecdotal reports of abusive lending practices whereby unscrupulous lenders made unaffordable home-secured loans to "house-rich but cash-poor borrowers." These cases frequently involved elderly and sometimes unsophisticated homeowners who were targeted for loans with high rates and fees and repayment terms that were difficult or