

# Proposed Rules

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

### Agricultural Marketing Service

#### 7 CFR Part 28

[Doc. # CN-02-001]

RIN 0581-AC04

#### Revision of User Fees for 2002 Crop Cotton Classification Services to Growers

**AGENCY:** Agricultural Marketing Service, USDA.

**ACTION:** Proposed Rule.

**SUMMARY:** The Agricultural Marketing Service (AMS) is proposing to raise user fees for cotton producers for 2002 crop cotton classification services under the Cotton Statistics and Estimates Act in accordance with the formula provided in the Uniform Cotton Classing Fees Act of 1987. The 2001 user fee for this classification service was \$1.35 per bale. This proposal would raise the fee for the 2002 crop to \$1.45 per bale. The proposed fee and the existing reserve are sufficient to cover the costs of providing classification services, including costs for administration and supervision. Also because of insufficient demand, computer punch cards would be eliminated as an optional method of disseminating classing data to producers.

**DATES:** Comments must be received on or before May 6, 2002.

**ADDRESSES:** Interested persons are invited to submit written comments concerning this proposed rule to Norma McDill, Deputy Administrator, Cotton Program, AMS, USDA, STOP 0224, 1400 Independence Avenue, SW, Washington, DC 20250-0224. Comments should be submitted in triplicate. Comments may also be submitted electronically to: [cottoncomments@usda.gov](mailto:cottoncomments@usda.gov). All comments should reference the docket number and the date and page of this issue of the **Federal Register**. All comments received will be available for

public inspection at Cotton Program, AMS, USDA, Room 2641-South, 1400 Independence Ave., SW, Washington, DC during regular business hours. A copy of this notice may be found at: [www.ams.usda.gov/cotton/rulemaking.htm](http://www.ams.usda.gov/cotton/rulemaking.htm).

**FOR FURTHER INFORMATION CONTACT:**  
Norma McDill, Deputy Administrator, Cotton Program, AMS, USDA, Room 2641-S, STOP 0224, 1400 Independence Avenue, SW, Washington, DC 20250-0224. Telephone (202) 720-2145, facsimile (202) 690-1718, or e-mail [norma.mcdill@usda.gov](mailto:norma.mcdill@usda.gov).

#### SUPPLEMENTARY INFORMATION:

##### Executive Order 12866

This proposed rule has been determined to be not significant for purposes of Executive Order 12866; and, therefore has not been reviewed by the Office of Management and Budget (OMB).

##### Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have retroactive effect. This rule would not preempt any state or local laws, regulations, or policies unless they present an irreconcilable conflict with this rule. There are no administrative procedures that must be exhausted prior to any judicial challenge to the provisions of this rule.

##### Regulatory Flexibility Act

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*) AMS has considered the economic impact of this action on small entities and has determined that its implementation will not have a significant economic impact on a substantial number of small entities.

The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions so that small businesses will not be disproportionately burdened. There are an estimated 35,000 cotton growers in the U.S. who voluntarily use the AMS cotton classing services annually, and the majority of these cotton growers are small businesses under the criteria established by the Small Business Administration (13 CFR § 121.201). The increase above the 2001 crop level as stated will not significantly affect small

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Friday, April 19, 2002

businesses as defined in the RFA because:

(1) The fee increase represents a very small portion of the cost-per-unit currently borne by those entities utilizing the services. (The 2001 user fee for classification services was \$1.35 per bale; the fee for the 2002 crop would be increased to \$1.45 per bale; the 2002 crop is estimated at 16,504,065 bales).

(2) The fee for services will not affect competition in the marketplace; and

(3) The use of classification services is voluntary. For the 2001 crop, 20,100,000 bales were produced; and, virtually all of these bales were voluntarily submitted by growers for the classification service.

(4) Based on the average price paid to growers for cotton from the 2000 crop of 49.8 cents per pound, 500 pound bales of cotton are worth an average of \$249 each. The proposed user fee for classification services, \$1.45 per bale, is less than one percent of the value of an average bale of cotton.

(5) Due to insufficient demand, computer punch cards would be eliminated as an optional method of disseminating classing data to producers.

#### Paperwork Reduction Act

In compliance with OMB regulations (5 CFR part 1320), which implement the Paperwork Reduction Act (PRA) (44 U.S.C. 3501 *et seq.*), the information collection requirements contained in the provisions to be amended by this proposed rule have been previously approved by OMB and were assigned OMB control number 0581-0009 under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

#### Fees for Classification Under the Cotton Statistics and Estimates Act of 1927

The user fee charged to cotton producers for High Volume Instrument (HVI) classification services under the Cotton Statistics and Estimates Act (7 U.S.C. 473a) was \$1.35 per bale during the 2001 harvest season as determined by using the formula provided in the Uniform Cotton Classing Fees Act of 1987, as amended by Public Law 102-237. The fees cover salaries, costs of equipment and supplies, and other overhead costs, including costs for administration, and supervision. It is anticipated that the proposed changes, if adopted, would be made effective July

1, 2002, as provided by the Cotton Statistics and Estimates Act.

This proposed rule establishes the user fee charged to producers for HVI classification at \$1.45 per bale during the 2002 harvest season.

Public Law 102-237 amended the formula in the Uniform Cotton Classing Fees Act of 1987 for establishing the producer's classification fee so that the producer's fee is based on the prevailing method of classification requested by producers during the previous year. HVI classing was the prevailing method of cotton classification requested by producers in 2001. Therefore, the 2002 producer's user fee for classification service is based on the 2001 base fee for HVI classification.

The fee was calculated by applying the formula specified in the Uniform Cotton Classing Fees Act of 1987, as amended by Public Law 102-237. The 2001 base fee for HVI classification exclusive of adjustments, as provided by the Act, was \$2.22 per bale. An increase of 2.51 percent, or 6 cents per bale increase due to the implicit price deflator of the gross domestic product added to the \$2.22 would result in a 2002 base fee of \$2.28 per bale. The formula in the Act provides for the use of the percentage change in the implicit price deflator of the gross national product (as indexed for the most recent 12-month period for which statistics are available). However, gross national product has been replaced by gross *domestic* product by the Department of Commerce as a more appropriate measure for the short-term monitoring and analysis of the U.S. economy.

The number of bales to be classed by the United States Department of Agriculture from the 2002 crop is estimated at 16,504,065 bales. The 2002 base fee was decreased 15 percent based on the estimated number of bales to be classed (1 percent for every 100,000 bales or portion thereof above the base of 12,500,000, limited to a maximum adjustment of 15 percent). This percentage factor amounts to a 35 cents per bale reduction and was subtracted from the 2002 base fee of \$2.28 per bale, resulting in a fee of \$1.93 per bale.

With a fee of \$1.93 per bale, the projected operating reserve would be 51.3 percent. The Act specifies that the Secretary shall not establish a fee which, when combined with other sources of revenue, will result in a projected operating reserve of more than 25 percent. Accordingly, the fee of \$1.93 must be reduced by 48 cents per bale, to \$1.45 per bale, to provide an ending accumulated operating reserve for the fiscal year of 25 percent of the projected cost of operating the program. This

would establish the 2002 season fee at \$1.45 per bale.

Accordingly, § 28.909, paragraph (b) would be revised to reflect the increase of the HVI classification fee from \$1.35 to \$1.45 per bale.

As provided for in the Uniform Cotton Classing Fees Act of 1987, as amended, a 5 cent per bale discount would continue to be applied to voluntary centralized billing and collecting agents as specified in § 28.909(c).

Growers or their designated agents receiving classification data would continue to incur no additional fees if only one method of receiving classification data was requested. The fee for each additional method of receiving classification data in § 28.910 would remain at 5 cents per bale. Computer punched cards would be eliminated as an optional method of disseminating classing data to producers for the 2002 and subsequent crops because there is an insufficient demand for the use of this method. Accordingly, this change would be reflected in § 28.910(a). The fee in § 28.910(b) for an owner receiving classification data from the central database would remain at 5 cents per bale, and the minimum charge of \$5.00 for services provided per monthly billing period would remain the same. The provisions of § 28.910(c) concerning the fee for new classification memoranda issued from the central database for the business convenience of an owner without reclassification of the cotton will remain the same.

The fee for review classification in § 28.911 would be increased from \$1.35 to \$1.45 per bale. The fee for returning samples after classification in § 28.911 would remain at 40 cents per sample.

A fifteen-day comment period is provided for public comments. This period is appropriate because it is anticipated that the proposed changes, if adopted, would be made effective July 1, 2002, as provided by the Cotton Statistics and Estimates Act.

#### List of Subjects in 7 CFR Part 28

Administrative practice and procedure, Cotton, Cotton samples, Grades, Market news, Reporting and record keeping requirements, Standards, Staples, Testing, Warehouses.

For the reasons set forth in the preamble, 7 CFR Part 28 is proposed to be amended as follows:

#### PART 28—[AMENDED]

1. The authority citation for 7 CFR Part 28, Subpart D, continues to read as follows:

**Authority:** 7 U.S.C. 471-476.

2. In § 28.909, paragraph (b) is revised to read as follows:

#### § 28.909 Costs.

\* \* \* \* \*

(b) The cost of High Volume Instrument (HVI) cotton classification service to producers is \$1.45 per bale.

\* \* \* \* \*

3. In § 28.910, paragraph (a)(3) is removed:

\* \* \* \* \*

4. In § 28.911, the last sentence of paragraph (a) is revised to read as follows:

#### § 28.911 Review classification.

(a) \* \* \* The fee for review classification is \$1.45 per bale.

\* \* \* \* \*

Dated: April 16, 2002.

**A.J. Yates,**  
Administrator, Agricultural Marketing Service.

[FR Doc. 02-9784 Filed 4-17-02; 1:29 pm]

BILLING CODE 3410-02-P

## COMMODITY FUTURES TRADING COMMISSION

### 17 CFR Part 3

#### RIN 3038-AB89

#### Registration of Intermediaries

**AGENCY:** Commodity Futures Trading Commission.

**ACTION:** Proposed Rules.

**SUMMARY:** The Commodity Futures Trading Commission (the "Commission" or "CFTC") is proposing amendments to Part 3 of its rules, which governs registration of intermediaries in the futures industry. These amendments are necessary to facilitate the change from the current paper-based registration system to online registration. It is expected that the online registration system will provide applicants with a more streamlined process for registering, resulting in less redundancy and quicker processing of applications by the National Futures Association. The proposed amendments would permit a floor broker that receives a temporary license to act in the capacity of a fully registered floor broker, and an applicant for registration as an associated person to be granted a temporary license upon filing the Form 8-R and a sponsor's certification, but prior to submission of fingerprints. Several other amendments are technical in nature to accommodate the transfer from a paper-based to an electronic