

after completion of the aflatoxin test. Each USDA-approved aflatoxin testing laboratory shall complete section C of this report, and forward this report and the failing aflatoxin test results to the committee and to the handler within 10 days of the test failure.

(b) *ACP-3, Failed Lot Disposition and Rework Report.* Each handler who reworks a failing lot of pistachios shall complete this report and shall forward it to the committee no later than 10 days after the rework is completed. If rework is not selected as a remedy, the handler shall submit the form to the committee office within 10 days of disposition of the lot.

(c) *ACP-4, Federal Marketing Order Exempt Handler Notification.* Each handler who handles less than 5,000 pounds of assessed weight pistachios in a production year shall complete and furnish this report to the committee no later than November 15 of each production year.

(d) *ACP-5, Minimal Testing Form.* Each handler who handles less than 1,000,000 pounds of dried weight pistachios in a production year and who wishes to request permission to handle under the minimal quantities provisions (§ 983.53) of the order shall furnish this report to the committee office no later than August 1 of each production year.

(e) *ACP-6, Inter-handler Transfer.* Each handler who transfers uninspected pistachios to another handler within the production area shall complete the ACP-6 and sign Part A. The transferring handler shall forward the original ACP-6 and one copy to the handler who receives the uninspected pistachios. The transferring handler shall furnish one copy of ACP-6 to the committee within 30 days of the transfer. The handler receiving the uninspected pistachios (receiving handler) shall sign Part B of the original ACP-6 and shall file it with the committee within 30 days of the transfer.

(f) *ACP-7 Monthly Report of Inventory/Shipments.* Each handler of pistachios shall file this report with the committee by the 10th day of each month for the previous month's inventory and shipment information.

(g) *ACP-8, Producer Delivery Report.* Each handler of pistachios shall file this report with the committee by the

15th day of December of each production year: *Provided*, That for the 2007-08 production year, handlers must file this report with the committee by April 17, 2008, to report his/her receipts of pistachios during the current production year, the names of the handlers' producing entities, business type, and the following information concerning each producing entity: Federal Tax Identification number; mailing and e-mail address; telephone and fax number; total bearing acres; county of production; and for the current production year, the total receipts of open inshell, closed shell, shelling stock of each producing entity; and total pounds of processed pistachios produced by each producing entity.

(h) *Exemptions.* Handlers who handle less than 5,000 pounds of assessed weight pistachios during any production year are exempt from filing all forms, with the exception of the ACP-4.

(i) *Records.* Each handler shall maintain all records of pistachios received, held, shipped, and disposed of for at least 3 years following each crop year to show compliance with the marketing order provisions.

[70 FR 39907, July 12, 2005, as amended at 71 FR 51987, Sept. 1, 2006; 72 FR 69141, Dec. 7, 2007; 73 FR 18705, Apr. 7, 2008. Redesignated and amended at 74 FR 56530, Nov. 2, 2009]

Subpart C—Assessment Rate

§ 983.253 Assessment rate.

On and after September 1, 2021, an assessment rate of \$0.0007 per pound is established for California, Arizona, and New Mexico pistachios.

[87 FR 22108, Apr. 14, 2022]

PART 984—WALNUTS GROWN IN CALIFORNIA

Subpart A—Order Regulating Handling

DEFINITIONS

Sec.

- 984.1 Secretary.
- 984.2 Act.
- 984.3 Person.
- 984.4 Area of production.
- 984.5 Grower.
- 984.6 Board.
- 984.7 Marketing year.

§ 984.1

- 984.8 Walnuts.
 - 984.9 Inshell walnuts.
 - 984.10 Shelled walnuts.
 - 984.11 Merchantable walnuts.
 - 984.12 Substandard walnuts.
 - 984.13 To handle.
 - 984.14 Handler.
 - 984.15 Pack.
 - 984.19 Manufacturer.
 - 984.20 Kernelweight.
 - 984.21 Handler inventory.
 - 984.22 Trade demand..
 - 984.23-984.26 [Reserved]
 - 984.31 Part and subpart.
 - 964.32 To certify.
 - 984.33 [Reserved]
- ADMINISTRATIVE BODY
- 984.35 California Walnut Board.
 - 984.36 Term of office.
 - 984.37 Nominations.
 - 984.38 Eligibility.
 - 984.39 Qualify by acceptance.
 - 984.40 Alternate.
 - 984.41 Vacancy.
 - 984.42 Expenses.
 - 984.43 Powers.
 - 984.44 Duties.
 - 984.45 Procedure.
 - 984.46 Research and development.
- MARKETING POLICY
- 984.48 Marketing estimates and recommendations.
 - 984.49 [Reserved]
- QUALITY CONTROL
- 984.50 Grade, quality and size regulations.
 - 984.51-984.52 [Reserved]
- RESERVE WALNUTS
- 984.54-984.56 [Reserved]
 - 984.59 Interhandler transfers.
 - 984.64 Disposition of substandard walnuts.
 - 984.65 Compliance.
 - 984.66 [Reserved]
 - 984.67 Exemptions.
- EXPENSES AND ASSESSMENTS
- 984.68 Expenses.
 - 984.69 Assessments.
- REPORTS, BOOKS AND OTHER RECORDS
- 984.70 Contributions.
 - 984.71 Reports of handler carryover.
 - 984.72 Reports of walnuts handled.
 - 984.73 Reports of walnut receipts.
 - 984.76 Other reports.
 - 984.77 Verification of reports.
 - 984.78 Certification of reports.
 - 984.79 Confidential information.
 - 984.80 Books and other records.
- MISCELLANEOUS PROVISIONS
- 984.83 Rights of the Secretary.

7 CFR Ch. IX (1-1-25 Edition)

- 984.84 Personal liability.
- 984.85 Separability.
- 984.86 Derogation.
- 984.87 Duration of immunities.
- 984.88 Agents.
- 984.89 Effective time and termination.
- 984.90 Effect of termination or amendment.
- 984.91 Relationship with the California Walnut Commission.

Subpart B—Assessment Rates

- 984.347 Assessment rate.

Subpart C—Administrative Requirements

- 984.437 Method for proposing names of additional candidates to be included on walnut grower's nomination ballots.
- 984.445 Procedures for voting by mail, e-mail, telephone, videoconference, facsimile, or any other means of communication.
- 984.450-984.456 [Reserved]
- 984.459 Reports of interhandler transfers.
- 984.464 [Reserved]

REPORTS

- 984.471 Reports of handler inventory.
- 984.472 Reports of merchantable walnuts, received, shipped, and committed.
- 984.473 Report of walnut receipts.
- 984.476 Report of walnut receipts from outside of the United States.
- 984.480 Books and other records.

Subpart D—Research and Development Requirements

- 984.546 Credit for marketing promotion activities, including paid advertising.

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

Subpart A—Order Regulating Handling

SOURCE: 27 FR 9094, Sept. 13, 1962, unless otherwise noted.

DEFINITIONS

§ 984.1 Secretary.

Secretary means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture who is, or who may be, authorized to perform the duties of the Secretary of Agriculture of the United States.

§ 984.2 Act.

Act means Public Act No. 10, 73d Congress, as amended and as reenacted and

Agricultural Marketing Service, USDA**§ 984.19**

amended by the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 *et seq.*).

§ 984.3 Person.

Person means an individual, partnership, corporation, association, or any other business unit.

§ 984.4 Area of production.

Area of production means the State of California.

[41 FR 31542, July 29, 1976]

§ 984.5 Grower.

Grower is synonymous with *producer* and means any person engaged in a proprietary capacity in the commercial production of walnuts.

§ 984.6 Board.

Board means the California Walnut Board established pursuant to § 934.35.

[73 FR 11336, Mar. 3, 2008]

§ 984.7 Marketing year.

Marketing year means the twelve months from September 1 to the following August 31, both inclusive, or any other such period deemed appropriate and recommended by the Board for approval by the Secretary.

[73 FR 11337, Mar. 3, 2008]

§ 984.8 Walnuts.

Walnuts means only walnuts of the "English" (*Juglans regia*) varieties grown in California.

[41 FR 31542, July 29, 1976]

§ 984.9 Inshell walnuts.

Inshell walnuts means walnuts the kernels of which are contained in the shell.

§ 984.10 Shelled walnuts.

Shelled walnuts means walnut kernels after the shells are removed.

§ 984.11 Merchantable walnuts.

(a) *Inshell.* *Merchantable inshell walnuts* means all inshell walnuts meeting the minimum grade and size regulations effective pursuant to § 984.50.

(b) *Shelled.* *Merchantable shelled walnuts* means all shelled walnuts meeting

the minimum grade and size regulations effective pursuant to § 984.50.

[27 FR 9094, Sept. 13, 1962, as amended at 39 FR 35328, Oct. 1, 1974]

§ 984.12 Substandard walnuts.

Substandard walnuts means all walnuts (whether inshell or shelled) that do not meet the minimum standard prescribed for merchantable walnuts whenever regulations are in effect pursuant to § 984.50.

[88 FR 56748, Aug. 21, 2023]

§ 984.13 To handle.

To handle means to receive, pack, sell, consign, transport, or ship (except as a common or contract carrier of walnuts owned by another person), or in any other way to put walnuts, inshell or shelled, into the current of commerce either within the area of production or from such area to any point outside thereof, or for a manufacturer or retailer within the area of production to purchase directly from a grower. However, sales and deliveries by a grower to handlers, hullers, or other processors within the area of production shall not, in itself, be considered as handling by a grower. The term "to handle" shall not include sales and deliveries within the area of production between handlers.

[88 FR 56748, Aug. 21, 2023]

§ 984.14 Handler.

Handler means any person who handles inshell or shelled walnuts.

[73 FR 11337, Mar. 3, 2008]

§ 984.15 Pack.

Pack means to bleach, clean, grade, shell or otherwise prepare walnuts for market as inshell or shelled walnuts.

[73 FR 11337, Mar. 3, 2008]

§ 984.19 Manufacturer.

Manufacturer means any person who uses walnuts in the production of bakery goods, ice cream, candy, or other food products, except walnut oil.

§ 984.20

7 CFR Ch. IX (1-1-25 Edition)

§ 984.20 Kernelweight.

Kernelweight means the determined weight of the kernels in a quantity of walnuts regardless of their quality.

[39 FR 35328, Oct. 1, 1974]

§ 984.21 Handler inventory.

Handler inventory as of any date means all walnuts, inshell or shelled, wherever located, then held by a handler or for his or her account.

[85 FR 27108, May 7, 2020]

§ 984.22 Trade demand.

(a) *Inshell*. The quantity of inshell walnuts that the trade will acquire from all handlers during a marketing year for distribution in the United States and its territories.

(b) *Shelled*. The quantity of shelled walnuts that the trade will acquire from all handlers during a marketing year for distribution in the United States and its territories.

[73 FR 11337, Mar. 3, 2008, as amended at 88 FR 56748, Aug. 21, 2023]

§§ 984.23—984.26 [Reserved]

§ 984.31 Part and subpart.

Part means the order regulating the handling of walnuts grown in California, and all rules, regulations, and supplementary orders issued thereunder. This order regulating the handling of walnuts grown in California shall be a *subpart* of such part.

[41 FR 31542, July 29, 1976]

§ 984.32 To certify.

To certify means the issuance of a certification of inspection of walnuts in accordance with regulations issued pursuant to § 984.50.

[88 FR 56748, Aug. 21, 2023]

§ 984.33 [Reserved]

ADMINISTRATIVE BODY

§ 984.35 California Walnut Board.

(a) A California Walnut Board is hereby established consisting of 10 members selected by the Secretary, each of whom shall have an alternate nominated and selected in the same way and with the same qualifications

as the member. The members and their alternates shall be selected by the Secretary from nominees submitted by each of the following groups or from other eligible persons belonging to such groups:

(1) Two handler members from District 1;

(2) Two handler members from District 2;

(3) Two grower members from District 1;

(4) Two grower members from District 2;

(5) One grower member nominated at-large from the production area; and,

(6) One member and alternate who shall be selected after the selection of the nine handler and grower members and after the opportunity for such members to nominate the tenth member and alternate. The tenth member and his or her alternate shall be neither a walnut grower nor a handler.

(b) In the event that one handler handles 35% or more of the crop the membership of the Board shall be as follows:

(1) Two handler members to represent the handler that handles 35% or more of the crop;

(2) Two members to represent growers who market their walnuts through the handler that handles 35% or more of the crop;

(3) Two handler members to represent handlers that do not handle 35% or more of the crop;

(4) One member to represent growers from District 1 who market their walnuts through handlers that do not handle 35% or more of the crop;

(5) One member to represent growers from District 2 who market their walnuts through handlers that do not handle 35% or more of the crop;

(6) One member to represent growers who market their walnuts through handlers that do not handle 35% or more of the crop shall be nominated at large from the production area; and,

(7) One member and alternate who shall be selected after the selection of the nine handler and grower members and after the opportunity for such members to nominate the tenth member and alternate. The tenth member and his or her alternate shall be neither a walnut grower nor a handler.

(c) Grower Districts:

Agricultural Marketing Service, USDA**§ 984.37**

(1) *District 1.* District 1 encompasses the counties in the State of California that lie north of a line drawn on the south boundaries of San Mateo, Alameda, San Joaquin, Calaveras, and Alpine Counties.

(2) *District 2.* District 2 shall consist of all other walnut producing counties in the State of California south of the boundary line set forth in paragraph (c)(1) of this section.

(d) The Secretary, upon recommendation of the Board, may reestablish districts, may reapportion members among districts, and may revise the groups eligible for representation on the Board as specified in paragraphs (a) and (b) of this section: Provided, That any such recommendation shall require at least six concurring votes of the voting members of the Board. In recommending any such changes, the following shall be considered:

(1) Shifts in acreage within districts and within the production area during recent years;

(2) The importance of new production in its relation to existing districts;

(3) The equitable relationship between Board apportionment and districts;

(4) Changes in industry structure and/or the percentage of crop represented by various industry entities resulting in the existence of two or more major handlers;

(5) Other relevant factors.

[73 FR 11337, Mar. 3, 2008]

§ 984.36 Term of office.

The term of office for Board members and their alternates shall be for a period of two years ending on August 31 of odd-numbered years, but they shall serve until their respective successors are selected and have qualified.

[74 FR 18464, Apr. 23, 2009]

§ 984.37 Nominations.

(a) Nominations for all grower members shall be submitted by ballot pursuant to an announcement by press releases of the Board to the news media in the walnut producing areas. Such releases shall provide pertinent voting information, including the names of candidates and the location where ballots may be obtained. Ballots shall be

accompanied by full instructions as to their markings and mailing and shall include the names of incumbents who are willing to continue serving on the Board and such other candidates as may be proposed pursuant to methods established by the Board with the approval of the Secretary. Each grower, regardless of the number and location of his or her walnut orchard(s), shall be entitled to cast only one ballot in the nomination and each vote shall be given equal weight. If the grower has orchards in both grower districts, he or she shall advise the Board of the district in which he/she desires to vote. The person receiving the highest number of votes for each grower position shall be the nominee.

(b) Nominations for handler members shall be submitted on ballots mailed by the Board to all handlers in their respective Districts. All handlers' votes shall be weighted by the weight of inshell walnuts handled by each handler during the preceding marketing year. Each handler in the production area may vote for handler member nominees and their alternates. However, no handler with less than 35% of the crop shall have more than one member and one alternate member. The person receiving the highest number of votes for each handler member position shall be the nominee for that position.

(c) A calculation to determine whether or not a handler who handles 35 percent or more of the crop shall be made prior to nominations. For the first nominations held upon implementation of this language, the 35 percent threshold shall be calculated using an average of crop handled for the year in which nominations are made and one year's handling prior. For all future nominations, the 35 percent handling calculation shall be based in the average of the two years prior to the year in which nominations are made. In the event that one handler handles 35% or more of the crop the membership of the Board, nominations shall be as follows:

(1) Nominations of growers who market their walnuts to the handler that handles 35% or more of the crop shall be conducted by that handler and the

§ 984.38**7 CFR Ch. IX (1-1-25 Edition)**

names of the nominees shall be forwarded to the Board for approval and appointment by the Secretary.

(2) Nominations for the two handler members representing the major handler shall be conducted by the major handler and the names of the nominees shall be forwarded to the Board for approval and appointment by the Secretary.

(3) Nominations on behalf of all other grower members (Groups (b)(4), (5) and (6) of § 984.35) shall be submitted after ballot by such growers pursuant to an announcement by press releases of the Board to the news media in the walnut producing areas. Such releases shall provide pertinent voting information, including the names of candidates and the location where ballots may be obtained. Ballots shall be accompanied by full instructions as to their markings and mailing and shall include the names of incumbents who are willing to continue serving on the Board and such other candidates as may be proposed pursuant to methods established by the Board with the approval of the Secretary. Each grower in Groups (Groups (b)(4), (5) and (6) of § 984.35), regardless of the number and location of his or her walnut orchard(s), shall be entitled to cast only one ballot in the nomination and each vote shall be given equal weight. If the grower has orchard(s) in both grower districts he or she shall advise the Board of the district in which he or she desires to vote. The person receiving the highest number of votes for grower position shall be the nominee.

(4) Nominations for handler members representing handlers that do not handle 35% or more of the crop shall be submitted on ballots mailed by the Board to those handlers. The votes of these handlers shall be weighted by the weight of inshell walnuts handled by each handler during the preceding marketing year. Each handler in the production area may vote for handler member nominees and their alternates of this paragraph (c)(4). However, no handler shall have more than one person on the Board either as member or alternate member. The person receiving the highest number of votes for a handler member position of this para-

graph (c)(4) shall be the nominee for that position.

(d) Each grower is entitled to participate in only one nomination process, regardless of the number of handler entities to whom he or she delivers walnuts. If a grower delivers walnuts to more than one handler entity, the grower must choose which nomination process he or she participates in.

(e) The nine members shall nominate one person as member and one person as alternate for the tenth member position. The tenth member and alternate shall be nominated by not less than 6 votes cast by the nine members of the Board.

(f) Nominations in the foregoing manner received by the Board shall be reported to the Secretary on or before June 15 of each odd-numbered year, together with a certified summary of the results of the nominations. If the Board fails to report nominations to the Secretary in the manner herein specified by June 15 of each odd-numbered year, the Secretary may select the members without nomination. If nominations for the tenth member are not submitted by September 1 of any such year, the Secretary may select such member without nomination.

(g) The Board may recommend, subject to the approval of the Secretary, a change to these nomination procedures should the Board determine that a revision is necessary.

[73 FR 11337, Mar. 3, 2008, as amended at 88 FR 56748, Aug. 21, 2023]

§ 984.38 Eligibility.

No person shall be selected or continue to serve as a member or alternate to represent one of the groups specified in § 984.35(a)(1) through (6) or § 984.38(b)(1) through (6), unless he or she is engaged in the business he or she is to represent, or represents, either in his or her own behalf or as an officer or employee if the business unit engaged in such business. Also, each member or alternate member representing growers in District 1 or District 2 shall be a grower, or officer or employee of the group he or she is to represent.

[73 FR 11338, Mar. 3, 2008]

Agricultural Marketing Service, USDA**§ 984.44****§ 984.39 Qualify by acceptance.**

Any person nominated to serve as a member or alternate member of the Board shall, prior to selection by USDA, qualify by filing a written qualification and acceptance statement indicating such person's willingness to serve in the position for which nominated.

[73 FR 11338, Mar. 3, 2008]

§ 984.40 Alternate.

(a) An alternate for a member of the Board shall act in the place and stead of such member in his or her absence or in the event of his or her death, removal, resignation, or disqualification, until a successor for his or her unexpired term has been selected and has qualified.

(b) In the event any member of the Board and his or her alternate are both unable to attend a meeting of the Board, any alternate for any other member representing the same group as the absent member may serve in the place of the absent member, or in the event such other alternate cannot attend, or there is no such other alternate, such member, or in the event of his disability or a vacancy, his or her alternate may designate, subject to the disapproval of the Secretary, a temporary substitute to attend such meeting. At such meeting such temporary substitute may act in the place of such member.

[73 FR 11338, Mar. 3, 2008]

§ 984.41 Vacancy.

Any vacancy occasioned by the removal, resignation, disqualification, or death of any member of alternate, or any need to select a successor through failure of any person selected as a member or alternate to qualify, shall be recognized by the Board causing a nomination to be made by the appropriate group and certifying to the Secretary a new nominee within 60 calendar days.

[39 FR 35330, Oct. 1, 1974, as amended at 41 FR 31543, July 29, 1976]

§ 984.42 Expenses.

The members and their alternates of the Board shall serve without com-

pensation, but shall be allowed their necessary expenses incurred by them in the performance of their duties under this part.

[73 FR 11338, Mar. 3, 2008]

§ 984.43 Powers.

The Board shall have the following powers:

- (a) To administer the provisions of this part in accordance with its terms;
- (b) To make rules and regulations to effectuate the terms and provisions of this part;
- (c) To receive, investigate, and report to the Secretary complaints of violations of this part; and
- (d) To recommend to the Secretary amendments to this part.

§ 984.44 Duties.

The duties of the Board shall be as follows:

- (a) To act as intermediary between the Secretary and any handler or grower;
- (b) To keep minute books and records which will clearly reflect all of its acts and transactions, and such minute books and records shall at any time be subject to the examination of the Secretary;
- (c) To furnish to the Secretary a complete report of all meetings and such other available information as he may request;
- (d) To appoint such employees as it may deem necessary and to determine the salaries, define the duties, and fix the bonds of such employees;
- (e) To cause the books of the Board to be audited by one or more competent public accountants at least once for each marketing year and at such other times as the Board deems necessary or as the Secretary may request, and to file with the Secretary three copies of all audit reports made;
- (f) To investigate the growing, shipping and marketing conditions with respect to walnuts and to assemble data in connection therewith;
- (g) To investigate compliance with the provisions of this part; and
- (h) To recommend rules and regulations for the purpose of administering this subpart.

§ 984.45

7 CFR Ch. IX (1-1-25 Edition)

§ 984.45 Procedure.

(a) The members of the Board shall select a chairman from their membership, and shall select such other officers and adopt such rules for the conduct of Board business as they deem advisable. The Board shall give the Secretary the same notice of its meetings as is given to members of the Board.

(b) All decisions of the Board, except where otherwise specifically provided (see § 984.35(d)), shall be by a sixty-percent (60%) super-majority vote of the members present. A quorum of six members, or the equivalent of sixty percent (60%) of the Board, shall be required for the conduct of Board business.

(c) The Board may vote by mail or telegram, or by any other means of communication, upon due notice to all members. The Board, with the approval of the Secretary, shall prescribe the minimum number of votes that must be cast when voting is by any of these methods, and any other procedures necessary to carry out the objectives of this paragraph.

(d) The Board may provide for meetings by telephone, or other means of communication and any vote cast at such a meeting shall be confirmed promptly in writing: Provided, That if any assembled meeting is held, all votes shall be cast in person.

[27 FR 9094, Sept. 13, 1962, as amended at 39 FR 35330, Oct. 1, 1974; 73 FR 11338, Mar. 3, 2008]

§ 984.46 Research and development.

(a) *Research and development authorities.* The Board, with the approval of the Secretary, may establish or provide for the establishment of production research, marketing research and development projects, and marketing promotion, including paid advertising, designed to assist, improve, or promote the marketing, distribution, and consumption or efficient production of walnuts. The expenses of such projects shall be paid from funds collected pursuant to §§ 984.69 and 984.70 and may be credited back pursuant to paragraphs (b) and (c) of this section.

(b) *Credit-back for promotion expenses.* The Board may provide for crediting

the pro rata expense assessment obligations of a handler with such portion of his or her direct expenditure for marketing promotion, including paid advertising, as may be authorized. The credit-back amount available to each handler shall be determined by that handler's percent of the industry's total volume of walnuts handled during the prior marketing year multiplied by the current marketing year's credit-back program budget. No handler shall receive credit-back for any creditable expenditures that would exceed the total amount of credit-back available to him or her for the applicable marketing year. Further, no handler shall receive credit-back in an amount that exceeds that handler's assessments paid in the applicable marketing year at the time the credit-back application is made. Marketing promotion expenses shall be credited at a rate recommended by the Board and approved by the Secretary, where the credit rate is based on the amount per dollar of marketing promotion expenses for creditable expenditures paid by a handler during the applicable marketing year. Credit may be paid directly to the handler as a reimbursement of assessments paid or may be issued as recommended by the Board and approved by the Secretary. The Board may also establish, subject to the approval of the Secretary, different credit rates for different products or different marketing promotion activities according to priorities determined by the Board and its marketing plan.

(c) *Creditable expenditures.* The Board, with the approval of the Secretary, may credit-back all or any portion of a handler's direct expenditures for marketing promotion including paid advertising that promotes the sale of walnuts, walnut products or their uses. Such expenditures may include, but are not limited to, money spent for advertising space or time in newspapers, magazines, radio, television, transit, and outdoor media, including the actual standard agency commission costs not to exceed 15 percent, or as otherwise recommended by the Board and approved by the Secretary.

[86 FR 16289, Mar. 29, 2021]

Agricultural Marketing Service, USDA**§ 984.64****MARKETING POLICY****§ 984.48 Marketing estimates and recommendations.**

(a) Each marketing year the Board shall hold a meeting, prior to October 20, for the purpose of recommending to the Secretary a marketing policy for such year. Each year such recommendation shall be adopted by the affirmative vote of at least 60% of the Board and shall include the following:

(1) Its estimate of the orchard-run production in the area of production for the marketing year;

(2) The Board's estimate of the handler inventory on September 1 of inshell and shelled walnuts;

(3) Its estimate of the walnuts in the production;

(4) The Board's estimate of the trade demand for such marketing year for shelled and inshell walnuts, taking into consideration trade inventory, imports, prices, competing nut supplies, and other factors;

(5) The Board's recommendation for desirable handler inventory of inshell and shelled walnuts on August 31 of each marketing year;

(6) Its opinion as to whether grower prices are likely to exceed parity; and

(7) Its recommendation for change, if any, in grade and size regulations.

(b) [Reserved]

[39 FR 35330, Oct. 1, 1974; 39 FR 35999, Oct. 7, 1974, as amended at 41 FR 31543, July 29, 1976; 73 FR 11339, Mar. 3, 2008; 88 FR 56748, Aug. 21, 2023]

§ 984.49 [Reserved]**QUALITY CONTROL****§ 984.50 Grade, quality, and size regulations.**

(a) The Board may recommend, subject to the approval of the Secretary, regulations that:

(1) Establish handling requirements for particular grades, sizes, or qualities, or any combination thereof, of any or all varieties or classifications of walnuts during any period;

(2) Establish different handling requirements and tolerance limits for particular grades, sizes, or qualities, or any combination thereof, for different market destinations;

(3) Establish different handling requirements for the processing of shelled walnuts and the handling thereof; and

(4) Establish inspection and certification requirements for the purposes of this paragraph (a) and paragraph (b) of this section.

(b) During any period, regulations issued under this section are in effect, no handler shall handle or process walnuts into manufactured items or products unless they meet the applicable requirements under this section as evidenced by certification acceptable to the Board.

(c) Regulations issued under this section may be amended, modified, suspended, or terminated whenever it is determined:

(1) That such action is warranted upon recommendation of the Board and approval by the Secretary, or other available information; or

(2) That regulations issued under this section no longer tend to effectuate the declared policy of the Act.

[88 FR 56748, Aug. 21, 2023]

§§ 984.51—984.52 [Reserved]**RESERVE WALNUTS****§§ 984.54—984.56 [Reserved]****§ 984.59 Interhandler transfers.**

For the purposes of this part, transfer means the sale of inshell and shelled walnuts within the area of production by one handler to another. The Board, with the approval of the Secretary, may establish methods and procedures, including necessary reports, for such transfers.

[73 FR 11339, Mar. 3, 2008]

§ 984.64 Disposition of substandard walnuts.

During any period when regulations are in effect pursuant to § 984.50, substandard walnuts may be disposed of only for manufacture into oil, livestock feed, or such other uses as the Board determines to be noncompetitive with existing domestic and export markets for merchantable walnuts and with proper safeguards to prevent such walnuts from thereafter entering channels of trade in such markets. Each

§ 984.65

7 CFR Ch. IX (1-1-25 Edition)

handler shall submit, in such form and at such intervals as the Board may determine, reports of his production and holdings of substandard walnuts and the disposition of all substandard walnuts to any other person, showing the quantity, lot, date, name and address of the person to whom delivered, the approved use and such other information pertaining thereto as the Board may specify.

[88 FR 56749, Aug. 21, 2023]

§ 984.65 Compliance.

Except as provided in this subpart, no person shall handle walnuts, inshell or shelled, during any marketing year in which this subpart and any regulations issued by the Secretary hereunder are in effect, unless such person has previously met the obligations imposed by each such regulation and the provisions of this subpart.

§ 984.66 [Reserved]

§ 984.67 Exemptions.

(a) *Exemptions from assessments and quality regulations*—(1) *Sales by growers direct to consumers*. Any walnut grower may handle walnuts of his production free of the regulatory and assessment provisions of this part if he sells such walnuts in the area of production directly to consumers under the following types of exemptions:

(i) At roadside stands and farmers' markets;

(ii) In quantities not exceeding an aggregate of 500 pounds of inshell walnuts or 200 pounds of shelled walnuts during any marketing year (at locations other than those specified in paragraph (a)(1)(i) of this section); and

(iii) If shipped by parcel post or express in quantities not exceeding 10 pounds of inshell walnuts or 4 pounds of shelled walnuts to any one consumer in any one calendar day.

(2) *Green walnuts*. Walnuts which are green and which are so immature that they cannot be used for drying and sale as dried walnuts may be handled without regard to the provisions of this part.

(3) *Noncompetitive outlets*. Any person may handle walnuts, free of the provisions of this part, for use by charitable institutions, relief agencies, govern-

mental agencies for school lunch programs, and diversion to animal feed or oil manufacture pursuant to an authorized governmental diversion program.

(b) *Rules and modifications*. The Board may establish, with the approval of the Secretary, such rules, regulations and safeguards and such modifications as will promote the objectives of this subpart.

[27 FR 9094, Sept. 13, 1962, as amended at 41 FR 31544, July 29, 1976; 73 FR 11339, Mar. 3, 2008; 85 FR 27109, May 7, 2020; 88 FR 56749, Aug. 21, 2023]

EXPENSES AND ASSESSMENTS

§ 984.68 Expenses.

The Board is authorized to incur such expenses as the Secretary finds are reasonable and likely to be incurred by it during each marketing year for the maintenance and functioning of the Board, and for such other purposes as the Secretary may, pursuant to this part, determine to be appropriate. The Board shall file a proposed budget of expenses and a rate of assessment with the Secretary as soon as practicable after the beginning of each marketing year.

[41 FR 31544, July 29, 1976]

§ 984.69 Assessments.

(a) *Requirement for payment*. Each handler shall pay the Board, on demand, his or her pro rata share of the expenses authorized by the Secretary for each marketing year. Each handler's pro rata share shall be the rate of assessment per inshell pound of walnuts fixed by the Secretary times the pounds of walnuts received by him or her for his or her own account (except as to receipt from other handlers on which assessments have been paid). At any time during or after the marketing year the Secretary may increase the assessment rate as necessary to cover authorized expenses and each handler's pro rata share shall be adjusted accordingly.

(b) *Assessment rate*. The assessment rate set out may be modified by the Secretary, based upon a recommendation of the Board or other available data.

(c) *Late payment*. If a handler does not pay assessments within the time

Agricultural Marketing Service, USDA**§ 984.73**

prescribed by the Board, the assessment may be increased by a late payment charge and/or an interest rate charge at amounts prescribed by the Board with approval of the Secretary.

(d) *Accounting.* If at the end of a marketing year the assessments collected are in excess of expenses incurred, such excess shall be accounted for in accordance with one of the following:

(1) If such excess is not retained in a reserve, as provided in paragraph (d)(2) or (3) of this section, it shall be refunded to handlers from whom collected, and each handler's share of such excess funds shall be the amount of assessments he or she has paid in excess of his or her pro rata share of the actual expenses of the Board.

(2) Excess funds may be used temporarily by the Board to defray expenses of the subsequent marketing year provided each handler's share of such excess shall be made available to him or her by the Board within five months after the end of the year.

(3) The Board may carry over such excess into subsequent marketing years as a reserve: Provided, that funds already in reserve do not exceed approximately two years' budgeted expenses. In the event that funds exceed two marketing years' budgeted expenses, future assessments will be reduced to bring the reserves to an amount that is less than or equal to two marketing years' budgeted expenses. Such reserve funds may be used:

(i) To defray expenses, during any marketing year, prior to the time assessment income is sufficient to cover such expenses;

(ii) To cover deficits incurred during any year when assessment income is less than expenses;

(iii) To defray expenses incurred during any period when any or all provisions of this part are suspended; and

(iv) To meet any other such costs recommended by the Board and approved by the Secretary.

(e) *Advanced assessments and commercial loans.* To provide funds for the administration of the provisions of this part during the part of a marketing year when neither sufficient operating reserve funds nor sufficient revenue from assessments for the current mar-

keting year are available, the Board may accept payment of assessments in advance or may borrow money from a commercial lending institution for such purposes.

(f) *Termination.* Any money collected from assessments hereunder and remaining unexpended in the possession of the Board upon termination of this part shall be distributed in such manner as the Secretary may direct.

[88 FR 56749, Aug. 21, 2023]

§ 984.70 Contributions.

The Board may accept voluntary contributions but these shall only be used to pay expenses incurred pursuant to § 984.46, Research and development. Furthermore, such contributions shall be free from any encumbrances by the donor and the Board shall retain complete control of their use.

[73 FR 11339, Mar. 3, 2008]

REPORTS, BOOKS, AND OTHER RECORDS**§ 984.71 Reports of handler inventory.**

Each handler shall submit to the Board in such form and on such dates as the Board may prescribe, reports showing his or her inventory of inshell and shelled walnuts.

[73 FR 11339, Mar. 3, 2008]

§ 984.72 Reports of walnuts handled.

Each handler who handles walnuts, inshell or shelled, at any time during a marketing year shall submit to the Board in such form and at such intervals as the Board may prescribe, reports showing the quantity so handled and such other information pertinent thereto as the Board may specify.

[88 FR 56750, Aug. 21, 2023]

§ 984.73 Reports of walnut receipts.

Each handler shall file such reports of his or her walnut receipts from growers, handlers, or others in such form and at such times as may be requested by the Board with the approval of the Secretary.

[73 FR 11339, Mar. 3, 2008]

§ 984.76**7 CFR Ch. IX (1-1-25 Edition)****§ 984.76 Other reports.**

Upon request of the Board made with the approval of the Secretary each handler shall furnish such other reports and information as are needed to enable the Board to perform its duties and exercise its powers under this subpart.

§ 984.77 Verification of reports.

For the purpose of verifying and checking reports filed by handlers or the operations of handlers, the Secretary and the Board through its duly authorized representatives shall have access to any premises where walnuts and walnut records are held. Such access shall be available at any time during reasonable business hours. Authorized representatives shall be permitted to inspect any walnuts held and any and all records of the handler with respect to matters within the purview of this part. Each handler shall maintain complete records on the receiving, holding, and disposition of both inshell and shelled walnuts. Each handler shall furnish all labor necessary to facilitate such inspections at no expense to the Board or the Secretary. Each handler shall store all walnuts held by him or her in such manner as to facilitate inspection and shall maintain adequate storage records, which will permit accurate identification of respective lots and of all such walnuts held or disposed of theretofore. The Board, with the approval of the Secretary, may establish any methods and procedures needed to verify reports.

[88 FR 56750, Aug. 21, 2023]

§ 984.78 Certification of reports.

All reports submitted to the Board as required in this part shall be certified to the Secretary and the Board as to the completeness and correctness of the information contained therein.

§ 984.79 Confidential information.

All reports and records submitted by handlers to the Board, which include data or information constituting a trade secret or disclosing the trade position, or financial condition or business operations of the handler shall be kept in custody of one or more employ-

ees of the Board and shall be disclosed to no person except the Secretary.

§ 984.80 Books and other records.

Each handler shall maintain such records of walnuts received, held and disposed of by him as may be prescribed by the Board for the purpose of performing its functions under this subpart. Such books and records shall be retained and be available for examination by authorized representatives of the Board and the Secretary for a period of two years after the end of the marketing year in which the recorded transactions are completed.

MISCELLANEOUS PROVISIONS**§ 984.83 Rights of the Secretary.**

The members and alternates of the Board and any agent or employee appointed or employed by the Board, shall be subject to removal or suspension by the Secretary, at his discretion, at any time. Each and every decision, determination, or other act of the Board shall be subject to the continuing right of the Secretary to disapprove of the same at any time, and upon such disapproval, shall be deemed null and void.

§ 984.84 Personal liability.

No member or alternate of the Board, nor any employee or agent thereof shall be held personally responsible either individually or jointly with others, in any way whatsoever, to any handler or any person for errors in judgment, mistakes, or other acts either of commission or omission, as such member, alternate employee or agent, except for acts of dishonesty.

[39 FR 35332, Oct. 1, 1974, as amended at 41 FR 31545, July 29, 1976]

§ 984.85 Separability.

If any provision of this subpart is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of the remainder hereof or the applicability thereof to any other person, circumstance, or thing shall not be affected thereby.

Agricultural Marketing Service, USDA**§ 984.89****§ 984.86 Derogation.**

Nothing contained in this subpart is, or shall be construed to be, in derogation or in modification of the rights of the Secretary or of the United States to exercise any powers granted by the act or otherwise, or in accordance with such powers, to act in the premises whenever such action is deemed advisable.

§ 984.87 Duration of immunities.

The benefits, privileges, and immunities conferred upon any person by virtue of this subpart shall cease upon the termination hereof except with respect to acts done under and during the existence hereof.

§ 984.88 Agents.

The Secretary may, by a designation in writing, name any person, including any officer or employee of the Government, or name any subdivision of the United States Department of Agriculture, to act as his agent or representative in connection with any of the provisions of this subpart.

§ 984.89 Effective time and termination.

(a) *Effective time.* The provisions of this subpart shall become effective at such time as the Secretary may declare above his signature attached to this subpart, and shall continue in force until terminated in one of the ways hereinafter specified.

(b) *Termination.* (1) The Secretary may, at any time, terminate the provisions of this subpart by giving at least one day's notice by means of a press release or in any other manner which he may determine.

(2) The Secretary may terminate or suspend the operation of any or all of the provisions of this subpart, whenever he finds that such provisions do not tend to effectuate the declared policy of the act.

(3) The Secretary shall terminate the provisions of this subpart at the end of any marketing year whenever he finds that such termination is favored by a majority of the producers of walnuts who during the preceding marketing year have been engaged in the production for market of walnuts in the State of California: *Provided*, That such ma-

jority have during such period produced for market more than 50 percent of the volume of such walnuts produced for market within said States, but such termination shall be effected only if announced on or before July 1 of the then current marketing year.

(4) Within six years of the effective date of this amendment the Secretary shall conduct a referendum to ascertain whether continuance of this part is favored by producers. Subsequent referenda to ascertain continuance shall be conducted every six years thereafter. The Secretary may terminate the provisions of this part at the end of any marketing year in which the Secretary has found that continuance of this part is not favored by a two-thirds ($\frac{2}{3}$) majority of voting producers, or a two-thirds ($\frac{2}{3}$) majority of volume represented thereby, who, during a representative period determined by the Secretary, have been engaged in the production for market of walnuts in the production area. Such termination shall be announced on or before the end of the production year.

(5) The provisions of this subpart shall, in any event, terminate whenever the provisions of the act authorizing them cease to be in effect.

(c) *Proceedings after termination.* (1) Upon the termination of the provisions of this subpart, the members of the Board then functioning shall continue as joint trustees, for the purpose of liquidating the affairs of the Board, of all funds and property then in the possession or under the control of the Board, including claims for any funds unpaid or property not delivered at the time of such termination. Action by said trusteeship shall require the concurrence of a majority of the said trustees.

(2) Said trustees shall continue in such capacity until discharged by the Secretary; shall from time to time, account for all receipts and disbursements and deliver all property on hand, together with all books and records of the Board and the joint trustees to such person as the Secretary may direct; and shall, upon the request of the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title and right to all of the funds, property,

§ 984.90

7 CFR Ch. IX (1-1-25 Edition)

and claims vested in the Board or the joint trustees pursuant hereto.

(3) Any person to whom funds, property or claims have been transferred or delivered by the Board or its members, pursuant to this section, shall be subject to the same obligation imposed upon the members of the said Board and upon said joint trustees.

[27 FR 9094, Sept. 13, 1962, as amended at 41 FR 31545, July 29, 1976; 73 FR 11340, Mar. 3, 2008; 88 FR 56750, Aug. 21, 2023]

§ 984.90 Effect of termination or amendment.

Unless otherwise expressly provided by the Secretary, the termination of this subpart or of any regulation issued pursuant to this subpart, or the issuance of any amendment to either thereof, shall not (a) affect or waive any right, duty, obligation, or liability which shall have arisen or which may thereafter arise in connection with any provision of this subpart or any regulation issued under this subpart, or (b) release or extinguish any violation of this subpart or of any regulation issued under this subpart, or (c) affect or impair any rights or remedies of the Secretary or of any other person, with respect to any such violation.

§ 984.91 Relationship with the California Walnut Commission.

In conducting Board activities and other objectives under this part, the Board may deliberate, consult, cooperate and exchange information with the California Walnut Commission, whose activities compliment those of the Board. Any sharing of information gathered under this subpart shall be kept confidential in accordance with provisions under section 10(i) of the Act.

[73 FR 11340, Mar. 3, 2008]

Subpart B—Assessment Rates

§ 984.347 Assessment rate.

On and after September 1, 2024, an assessment rate of \$0.0125 per inshell pound is established for California walnuts.

[89 FR 93151, Nov. 26, 2024]

Subpart C—Administrative Requirements

§ 984.437 Methods for proposing names of additional candidates to be included on walnut growers' nomination ballots.

(a) With regard to Board grower member positions specified in § 984.35(a)(5) and (b)(6), any ten or more such growers who marketed an aggregate of 500 or more tons of walnuts through handlers who did not handle 35% or more of the crop during the marketing year preceding the year in which Board nominations are held, may petition the Board to include on the nomination ballot the name of an eligible candidate for this position, and the name of an eligible candidate to serve as his or her alternate. The names of the eligible candidates proposed pursuant to this paragraph shall be included on the ballot together with the names of any incumbents who are willing to continue serving on the Board.

(b) Any ten or more growers eligible to serve in the grower member positions specified in § 984.35(a)(3) and (4) or § 984.35(b)(4) and (5) and who marketed an aggregate of 500 or more tons of walnuts through handlers who did not handle 35% or more of the crop during the marketing year preceding the year in which Board nominations are held, may petition the Board to include on the nomination ballot for a district the name of an eligible candidate for the applicable position, and the name of an eligible candidate to serve as his or her alternate. The names of the eligible candidates proposed pursuant to this paragraph shall be included on the ballot together with the names of any incumbents who are willing to continue serving on the Board.

(c) Petitions made pursuant to paragraphs (a) and (b) of this section shall be on forms supplied by the Board and filed no later than April 1 of the nomination year.

[41 FR 54476, Dec. 14, 1976, as amended at 73 FR 73997, Dec. 5, 2008; 74 FR 9047, Mar. 2, 2009]

Agricultural Marketing Service, USDA**§ 984.472****§ 984.445 Procedures for voting by mail, e-mail, telephone, video-conference, facsimile, or any other means of communication.**

(a) Whenever the Board votes upon any proposition by mail, e-mail, or facsimile, at least six members or alternates acting as members must vote and one dissenting vote shall prevent its adoption. Each proposition to be voted upon by mail, e-mail, or facsimile shall specify a time limit for members to vote, after which the alternates shall be given the opportunity to vote.

(b) Whenever the Board conducts meetings by telephone, video-conference, or any technology that enables member interaction, the vote shall be conducted by roll call.

[75 FR 1527, Jan. 12, 2010]

§§ 984.450—984.456 [Reserved]**§ 984.459 Reports of interhandler transfers.**

(a) Any handler who transfers walnuts to another handler within the State of California shall submit to the Board, not later than 10 calendar days following such transfer, a report showing the following:

- (1) The date of transfer;
- (2) The net weight, in pounds, of the walnuts transferred;
- (3) [Reserved]
- (4) Whether such walnuts were inshell or shelled;
- (5) The name and address of the transferring handler; and
- (6) The name and address of the receiving handler.

(b) The transferring handler shall send two copies of the report to the receiving handler at the time the report is submitted to the Board. The receiving handler shall certify, on one copy of the report, to the receipt of such walnuts and submit it to the Board within 10 calendar days after the walnuts, or copies of such report, have been received, whichever is later.

[65 FR 39286, June 26, 2000, as amended at 88 FR 56750, Aug. 21, 2023]

§ 984.464 [Reserved]**REPORTS****§ 984.471 Reports of handler inventory.**

Reports of handler inventory as of September 1, January 1, and April 1 of each marketing year shall be submitted to the Board on CWB Form No. 4 for inshell walnuts and on CWB Form No. 5 for shelled walnuts, on or before September 15, January 15, and April 15 respectively, of that marketing year.

[74 FR 56696, Nov. 3, 2009]

§ 984.472 Reports of walnuts, received, shipped, and committed.

(a) Reports of walnuts shipped during a month shall be submitted to the Board on California Walnut Board (CWB) Form No. 6 not later than the 5th day of the following month. Such reports shall include all shipments during the preceding month and shall show for inshell and shelled walnuts: the quantity shipped; whether they were shipped into domestic or export channels; and for exports, the quantity by country of destination. If a handler makes no shipments during any month, he/she shall submit a report marked "None." If a handler has completed his/her shipments for the season, he/she shall mark the report "Completed," and he/she shall not be required to submit any additional CWB Form No. 6 reports during the remainder of that marketing year.

(b) Reports of walnuts purchased directly from growers by handlers who are manufacturers or retailers shall be submitted to the Board on CWB Form No. 6, not later than the 5th day of the month following the month in which the walnuts were purchased. Such reports shall show the quantity of walnuts purchased.

(c) Reports of walnuts on which handlers have made purchase commitments with buyers during the month, but which have not yet been shipped, shall be submitted to the Board on CWB Form No. 6, not later than the 5th day of the month following the month in which the walnuts were committed. Such reports shall show the quantity of walnuts committed in either inshell or shelled pounds. If the handler made no commitments during any month, he/

§ 984.473

she shall mark "None" in the "Purchase Commitments" section of CWB Form No. 6.

[88 FR 56750, Aug. 21, 2023]

§ 984.473 Report of walnut receipts.

Each handler shall file a report of his walnut receipts from growers on or before January 15 of each marketing year on forms supplied by the Board.

[40 FR 22267, May 22, 1975]

§ 984.476 Report of walnut receipts produced outside California or the United States.

Each handler who receives walnuts from outside California or the United States shall file with the Board, on CWB Form No. 7, a report of the receipt of such walnuts. The report shall be filed as follows: On or before December 5 for such walnuts received during the period September 1 to November 30; on or before March 5 for such walnuts received during the period December 1 to February 28 (February 29 in a leap year); on or before June 5 for such walnuts received during the period March 1 to May 31; and on or before September 5 for such walnuts received during the period June 1 to August 31. The report shall include the quantity of such walnuts received, the country of origin for such walnuts, and whether such walnuts are inshell or shelled.

[88 FR 56750, Aug. 21, 2023]

§ 984.480 Books and other records.

Each handler shall maintain true and complete records of all inshell and shelled walnuts and walnut material, by categories, received, held, or disposed of by him. The records shall be maintained in such form as to permit verification of all transactions involved and shall be made available during normal business hours to authorized representatives of the Board or the Secretary of Agriculture. These records shall include the following:

(a) The names and addresses of the persons from whom received, and the quantities received from each such person;

(b) The names and addresses of the persons to whom disposal is made, and the quantities disposed of to each such person;

7 CFR Ch. IX (1-1-25 Edition)

(c) The quantities used by the handler for such purposes as manufacturing, production of oil, and livestock feeding; and

(d) The quantities held on September 1, January 1, and April 1 of each marketing year.

[40 FR 22268, May 22, 1975, as amended at 74 FR 56697, Nov. 3, 2009]

Subpart D—Research and Development Requirements

§ 984.546 Credit for marketing promotion activities, including paid advertising.

(a) *Timeliness of reimbursement claim and credit-back rate.* For a handler to receive credit-back for his or her own marketing promotional activities pursuant to § 984.46, the Board shall determine that such expenditures meet the applicable requirements of this section. Credit-back may be granted in the form of reimbursement for all creditable expenditures paid within the applicable marketing year subject to the effective credit-back rate; *Provided*, that such creditable expenditures are documented to the satisfaction of the Board within 15 days after the end of that marketing year. Credit may be granted for a handler's creditable expenditures in an amount not to exceed that handler's pro-rata share of the credit-back fund. No more than 70 cents (\$0.70) shall be credited back to a handler for every dollar spent on qualified activities.

(b) *Assessment payments.* The handler assessment is due as defined in § 984.69. A handler shall be current on all assessment payments prior to receiving credit-back for creditable expenditures.

(c) *Handler eligibility for reimbursement.* The Board shall grant credit-back for qualified activities only to the handler who performed such activities and who filed a claim for credit-back in accordance with this section.

(d) *Applicability to marketing year.* Credit-back shall be granted only for creditable expenditures for qualified activities that are conducted and completed during the marketing year for which credit-back is requested.

(e) *Qualified activities.* The following requirements shall apply to all creditable expenditures resulting from qualified activities:

(1) Credit-back granted by the Board shall be that which is appropriate when compared to accepted professional practices and rates for the type of activity conducted. In the case of claims for credit-back activities not covered by specific and established criteria, the Board shall grant the claim if it is consistent with practices and rates for similar activities.

(2) The clear and evident purpose of each qualified activity shall be to promote the sale, consumption or use of California walnuts.

(3) No credit-back will be given for any activity that targets the farming or grower trade.

(4) Credit-back will not be allowed in any case for travel expenses, or for any promotional activities that result in price discounting.

(5) Credit-back shall be granted for those qualified activities specified in paragraphs (e)(5)(i) through (iv) of this section:

(i) Credit-back shall be granted for paid media directed to end-users, trade or industrial users, and for money spent on paid advertising space or time, including, but not limited to, newspapers, magazines, radio, television, online, transit and outdoor media, and including the standard agency commission costs not to exceed 15 percent of gross.

(ii) Credit-back shall be granted for market promotion other than paid advertising, for the following activities:

(A) Marketing research (except pre-testing and test-marketing of paid advertising);

(B) Trade and consumer product public relations: Provided, that no credit-back shall be given for related fees charged by an advertising or public relations agency;

(C) Sales promotion (in-store demonstrations, production of promotional materials, sales and marketing presentation kits, etc., excluding couponing); and

(D) Trade shows (booth rental, services, and promotional materials).

(iii) For any qualified activity involving a handler promoting branded

products, a handler selling multiple complementary products, including other nuts, with such activity including the handler's name or brand, or joint participation by a handler and a manufacturer or seller of a complementary product(s), the amount allowed for credit-back shall reflect that portion of the activity represented by walnuts. If the product is owned or distributed by the handler, in order to receive any amount of credit-back, the product must list the ownership or distributorship on the package and display the handler's name and the handler's brand. The words "California Walnuts" must be included on the primary, face label. Such activities must also meet the requirements of paragraphs (e)(1) through (5) of this section.

(iv) If the handler is engaged in marketing promotion activities pursuant to a contract with the Foreign Agricultural Service (FAS), USDA, and/or the California Department of Food and Agriculture (CDFA), unless the Board is administering the foreign marketing program, such activities shall not be eligible for credit-back unless the handler certifies that he or she was not and will not be reimbursed by either FAS or CDFA for the amount claimed for credit-back, and has on record with the Board all claims for reimbursement made to FAS and/or the CDFA. Foreign market expenses paid by third parties as part of a handler's contract with FAS or CDFA shall not be eligible for credit-back.

(6) A handler must file claims with the Board to obtain credit-back for creditable expenditures, as follows:

(i) All claims submitted to the Board for any qualified activity must include:

(A) A description of the activity and when and where it was conducted;

(B) Copies of all invoices from suppliers or agencies;

(C) Copies of all canceled checks or other proof of payment issued by the handler in payment of these invoices; and

(D) An actual sample, picture or other physical evidence of the qualified activity.

(ii) Handlers may receive reimbursement of their paid assessments up to their pro-rata share of available dollars to be based on their percentage of the

prior marketing year crop total. In all instances, handlers must remit the assessment to the Board when billed, and reimbursement will be issued to the extent of proven, qualified activities.

(iii) Checks from the Board in payment of approved credit-back claims will be mailed to handlers within 30 days of receipt of eligible claims.

(iv) Final claims for the marketing year pertaining to such qualified activities must be submitted with all required elements within 15 days after the close of the Board's marketing year.

(f) *Appeals.* If a determination is made by the Board staff that a particular marketing promotional activity is not eligible for credit-back because it does not meet the criteria specified in this section, the affected handler may request the Executive Committee review the Board staff's decision. If the affected handler disagrees with the decision of the Executive Committee, the handler may request that the Board review the Executive Committee's decision. If the handler disagrees with the decision of the Board, the handler, through the Board, may request that the Secretary review the Board's decision. Handlers have the right to request anonymity in the review of their appeal. The Secretary maintains the right to review any decisions made by the aforementioned bodies at his or her discretion.

[86 FR 16289, Mar. 29, 2021]

**PART 985—MARKETING ORDER
REGULATING THE HANDLING OF
SPEARMINT OIL PRODUCED IN
THE FAR WEST**

Subpart A—Order Regulating Handling

DEFINITIONS

- Sec.
985.1 Secretary.
985.2 Act.
985.3 Person.
985.4 Spearmint oil.
985.5 Production area.
985.6 Producer.
985.7 Handler.
985.8 Handle.
985.9 Marketing year.
985.10 Crop.
985.11 Salable oil.
985.12 Salable quantity.

- 985.13 Annual allotment.
985.14 Part and subpart.

ADMINISTRATIVE COMMITTEE

- 985.20 Establishment and membership.
985.21 Eligibility.
985.22 Term of office.
985.23 Nominations.
985.24 Selection.
985.25 Alternate members.
985.26 Vacancies.
985.27 Powers.
985.28 Duties.
985.29 Procedure.
985.30 Expenses and compensation.

RESEARCH

- 985.31 Research and development projects.

EXPENSES AND ASSESSMENTS

- 985.40 Expenses.
985.41 Assessments.
985.42 Accounting.

VOLUME LIMITATIONS

- 985.50 Marketing policy.
985.51 Recommendations for volume regulation.
985.52 Issuance of volume regulation.
985.53 Allotment base.
985.54 Issuance of annual allotments.
985.55 Identification.
985.56 Excess oil.
985.57 Reserve pool requirements.
985.58 Exempt oil.
985.59 Transfers.

REPORTS AND RECORDS

- 985.60 Reports.
985.61 Records.
985.62 Verification of reports and records.
985.63 Confidential information.

MISCELLANEOUS PROVISIONS

- 985.64 Compliance.
985.65 Rights of the Secretary.
985.66 Derogation.
985.67 Agents.
985.68 Personal liability.
985.69 Duration of immunities.
985.70 Separability.
985.71 Effective time.
985.72 Termination.
985.73 Proceedings after termination.
985.74 Effect of termination or amendment.

Subpart B—Administrative Requirements

- 985.104 Changed classes of spearmint oil.
985.141 Assessment rate.
985.152 Handling report.
985.153 Issuance of additional allotment base to new and existing producers.
985.154 Issuance of annual allotments.
985.155 Identification of oil by producer.
985.156 Transfer of excess oil by producers.