

classing was the prevailing method of cotton classification requested by producers in 2005. Therefore, the 2006 producer's user fee for classification service is based on the 2005 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 2005 base fee for HVI classification exclusive of adjustments, as provided by the Act, was \$2.37 per bale. An increase of 3.29 percent, or 8 cents per bale, due to the implicit price deflator of the gross domestic product added to the \$2.37 would result in a 2006 base fee of \$2.45 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 However, gross *national* product has been replaced by gross *domestic* product by the Department of Commerce as a more appropriate measure for the short-term monitoring and analysis of the U.S. economy.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 2006 crop is estimated at 20,268,150 bales. The 2006 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 decreased adjustment of 15 percent). This percentage factor amounts to a 37 cents per bale reduction and was subtracted from the 2006 base fee of \$2.45 per bale, resulting in a fee of \$2.08 per bale.

However, with a fee of \$2.08 per bale, the projected operating reserve would be 35.74 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 \$2.08 must be reduced by 23 cents per bale, to \$1.85 per bale, to provide an ending accumulated operating reserve for the fiscal year of not more than 25 percent of the projected cost of operating the program. This would establish the 2006 season fee at \$1.85 per bale.

Accordingly, section 28.909, paragraph (b) would reflect the continuation of the HVI classification fee at \$1.85 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 section 28.909 (c).

Growers or their designated agents receiving classification data would continue to incur no additional fees if classification data is requested only once. The fee for each additional retrieval of classification data in section 28.910 would remain at 5 cents per bale. The fee in section 28.910(b) for an owner receiving classification data from the National 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 section 28.910(c) concerning the fee for new classification memoranda issued from the National database for the business convenience of an owner without reclassification of the cotton will remain the same at 15 cents per bale or a minimum of \$5.00 per sheet.

The fee for review classification in section 28.911 would be maintained at \$1.85 per bale.

The fee for returning samples after classification in section 28.911 would remain at 40 cents per sample.

A 15-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, 2006, 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 recordkeeping 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 \$1.85 per bale.

* * * * *

3. 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 \$1.85 per bale.

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Dated: April 14, 2006.

Lloyd C. Day,

Administrator, Agricultural Marketing Service.

[FR Doc. E6-5940 Filed 4-19-06; 8:45 am]

BILLING CODE 3410-02-P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 58

[Docket Number DA-05-04]

RIN 0581-AC55

Increase in Fees for Federal Dairy Grading and Inspection Services

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: The Agricultural Marketing Service (AMS) is proposing to increase, by approximately 10 percent, the hourly fees charged for Federal dairy grading and inspection services. Dairy grading and inspection services are voluntary and are financed through user-fees assessed to participants in the program. These revisions are necessary in order to recover, as nearly as practicable, the increase in salaries of Federal employees, the increase in Agency costs, and to ensure that the Dairy Grading Branch operates on a financially self-supporting basis.

DATES: Comments must be received on or before May 22, 2006.

ADDRESSES: Interested persons are invited to submit written comments concerning this proposed rule to Dana H. Coale, Deputy Administrator, Dairy Programs, Agricultural Marketing Service, U.S. Department of Agriculture, Stop 0225, room 2968—South, 1400 Independence Avenue, SW., Washington, DC 20250-0225. Comments may be faxed to (202) 690-3410. Comments should be submitted in duplicate. Comments may also be electronically submitted to Dana.Coale@usda.gov or <http://www.regulations.gov>. All comments should reference docket number DA-05-04 and note the date and page number of this issue of the **Federal Register**. All comments received will be available for public inspection at the above location during regular business hours. Comments received also will be made available over the Internet in the rulemaking section of the AMS Web site <http://www.ams.usda.gov/rulemaking>.

FOR FURTHER INFORMATION CONTACT: Dana H. Coale, Dairy Programs (202) 720-4392.

SUPPLEMENTARY INFORMATION:**Executive Orders 12866 and 12988**

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).

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

Regulatory Flexibility Act and Paperwork Reduction Act

Pursuant to the requirement set forth in the Regulatory Flexibility Act, AMS has considered the economic impact of this action on small entities. It has been determined that its provisions would not have a significant economic effect on a substantial number of small entities. For the purpose of the Regulatory Flexibility Act, a dairy products manufacturer is a "small business" if it has fewer than 500 employees. If a plant is part of a larger company operating multiple plants that collectively exceed the 500 employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees.

Under the Agricultural Marketing Act of 1946, the Dairy Grading Branch, AMS, provides voluntary Federal inspection and dairy product grading services to about 350 plants. About 210 of these users are small businesses under the criteria established by the Small Business Administration (13 CFR 121.201). Manufacturing plants participating in the voluntary plant inspection program have their facility inspected against established USDA "General Specifications for Dairy Plants Approved for USDA Inspection and Grading Service" construction and sanitation requirements. Dairy products manufactured in facilities complying with the USDA inspection requirements are eligible to have their output graded against official quality standards and specifications established by AMS and certain contract provisions between buyer and seller. Products tested and graded by the Dairy Grading Branch have certificates issued describing the product's quality and condition.

AMS continually reviews its cost structure to assure it is operating efficiently while maintaining the

resources necessary to meet industry's demand for services. Periodically, fees must be adjusted to ensure that the program remains financially self-supporting. To reduce costs, the Dairy Grading Branch has continued to automate its business practices. Progress to date has been significant and has resulted in savings equal to two staff years to the program. Further enhancements in automated business practices will continue to improve the efficiency and timeliness of providing inspection and grading services and information to users of these services.

Employee salaries and benefits account for nearly 73 percent of the operating costs of the Dairy Grading Branch. Since the last fee increase in 2004 (69 FR 8797), annual salary increases and locality adjustments have resulted in an increase in employee salaries of 8.3 percent. As a result, annual salary and benefit costs to the program for 2006 are approximately \$240,000 more. Inflation raised non-salary costs approximately 6.0 percent through 2005, and it is expected that non-salary operating expenses will increase an additional 3.0 percent in 2006. Current revenue projections using Dairy Grading Branch's current fee schedule will not provide income sufficient to cover these escalating program operation costs and maintain reserves (4 months of costs) according to AMS policy (AMS Directive 408.1).

Since projected revenues will not cover program costs while maintaining an adequate reserve, the Dairy Grading Branch will be put in an unstable financial position that will adversely affect the ability to provide dairy inspection and grading services. Without a fee increase, total revenue projections for Fiscal Year (FY) 2006 are \$4.980 million. Total costs for the same period of time are projected to be \$5.778 million. The shortfall, if allowed to continue, will reduce the trust fund balance to \$1.578 million or 3.3 months of operating reserve at the end of FY 2006 which is below Agency policy. With the proposed fee increase effective April 1, 2006, FY 2006 revenues are projected at \$5.227 million.

AMS estimates these fee increases will provide the Dairy Grading Branch an additional \$504,000 annually to recover program costs and to provide for continued automation of business practices.

This rule will raise the fees charged to businesses for voluntary plant inspections, grading services for dairy and related products, and the evaluation of food processing equipment. However, the impact on all businesses, including small entities is very similar. Even

though fees will be increased approximately 9.7% for non-resident services and 10.5% for continuous resident services, these fee increases should not significantly affect these entities. These businesses are under no obligation to use these voluntary user-fee based services and any decision on their part to discontinue the use of the services would not prevent them from marketing their products.

A review of reporting requirements was completed under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35). It was determined that this rule would have no impact on reporting, recordkeeping, or other compliance requirements for entities currently using voluntary Federal dairy inspection and grading services because they would remain identical to the current requirements.

This notice does not require additional information collection that requires clearance by OMB. The primary sources of data used to complete the forms are routinely used in most business transactions. Forms require only a minimal amount of information which can be supplied without data processing equipment or a trained statistical staff. Thus, the information collection and reporting burden is relatively small. Requiring the same information from all participating dairy plants does not significantly disadvantage any plant that is smaller than the industry average.

Proposed Action

The Secretary of Agriculture is authorized by the Agricultural Marketing Act of 1946 (AMA), as amended (7 U.S.C. 1621, *et seq.*), to provide voluntary Federal dairy inspection and grading services to facilitate the orderly marketing of dairy products and to enable consumers to obtain the quality of dairy products they desire. The AMA also provides for the collection of reasonable fees from users of the Federal dairy inspection and grading services to cover the cost of providing these services. The hourly fees are established by distributing the program's projected operating costs over the estimated service-revenue hours provided to users. AMS continually reviews its cost structure to assure it is operating efficiently while maintaining the resources necessary to meet industry's demand for services. Periodically, fees must be adjusted to ensure that the program remains financially self-supporting.

To reduce costs, the Dairy Grading Branch has continued to automate its business practices. Progress to date has been significant and has resulted in

savings equal to two staff years to the program. Further enhancements in automated business practices will continue to improve the efficiency and timeliness of providing inspection and grading services and information to users of these services.

Employee salaries and benefits account for nearly 73 percent of the operating costs of the Dairy Grading Branch. Since the last fee increase in 2004 (69CFR8797), annual salary increases and locality adjustments have resulted in an increase in employee salaries of 8.3 percent. As a result, annual salary and benefit costs to the program for 2006 are approximately \$240,000 more. Inflation raised non-salary costs approximately 6.0 percent through 2005, and it is expected that non-salary operating expenses will increase an additional 3.0 percent in 2006. Current revenue projections using Dairy Grading Branch's current fee schedule will not provide income sufficient to cover these escalating program operation costs and maintain reserves (4 months of costs) according to AMS policy (AMS Directive 408.1).

Since projected revenues will not cover program costs while maintaining an adequate reserve, the Dairy Grading Branch will be put in an unstable financial position that will adversely affect the ability to provide dairy inspection and grading services. Without a fee increase, total revenue projections for FY 2006 are \$4.980 million. Total costs for the same period of time are projected to be \$5.778 million. The shortfall, if allowed to continue, will reduce the trust fund balance to \$1.578 million or 3.3 months of operating reserve at the end of FY 2006 which is below Agency policy. With the proposed fee increase effective April 1, 2006, FY 2006 revenues are projected at \$5.227 million.

In view of the above considerations, AMS proposes to increase the hourly fees associated with Federal dairy grading and inspection services. Currently the fees are \$57.00 per hour for continuous resident services and \$62.00 per hour for non-resident services. The proposed increases would result in fees of \$63.00 per hour for continuous resident services and \$68.00 per hour for non-resident services between the hours of 6 a.m. and 6 p.m. The proposed fees represent increases of \$6.00 per hour (10.5 percent) for continuous resident and \$6.00 per hour (9.7 percent) for non-resident services. The fee for non-resident services between the hours of 6 p.m. and 6 a.m. would be \$74.80 per hour. For services performed in excess of 8 hours per day and for services performed on Saturday,

Sunday, and legal holidays, 1½ times the base fees would apply and result in increases to \$94.50 per hour for resident grading and to \$102.00 per hour for non-resident grading services.

AMS estimates these fee increases will provide the Dairy Grading Branch an additional \$504,000 annually to recover program costs including providing for continued automation of business practices.

A 30-day comment period is provided for interested persons to comment on this proposed rule. This period is appropriate in order to implement, as early as possible in FY 2006, any fee changes adopted as a result of this rulemaking action.

List of Subjects in 7 CFR Part 58

Dairy Products, Food grades and standards, Food labeling, Reporting and recordkeeping requirements.

For the reason set forth in the preamble, it is proposed that 7 CFR part 58 be amended as follows:

PART 58—GRADING AND INSPECTION, GENERAL SPECIFICATIONS FOR APPROVED PLANTS AND STANDARDS FOR GRADES OF DAIRY PRODUCTS

1. The authority citation for 7 CFR part 58 continues to read as follows:

Authority: 7 U.S.C. 1621–1627.

§ 58.43 [Amended]

2. In § 58.43, “\$62.00” is removed and “\$68.00” is added in its place, and “\$68.20” is removed and “\$74.80” is added in its place.

§ 58.45 [Amended]

3. In § 58.45 “\$57.00” is removed and “\$63.00” is added in its place.

Dated: April 14, 2006.

Lloyd C. Day,

Administrator, Agricultural Marketing Service.

[FR Doc. E6–5941 Filed 4–19–06; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 1290

[Docket No. FV06–1290–1 PR]

RIN 0581–AC59

Specialty Crop Block Grant Program; Notice of Request for Approval of a New Information Collection

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule with request for comments.

SUMMARY: The Agricultural Marketing Service (AMS) is proposing regulations to administer the Specialty Crop Block Grant Program (SCBGP) to enhance the competitiveness of specialty crops. This proposed rule is intended to establish eligibility and application requirements, the review and approval process, and grant administration procedures for the SCBGP.

The SCBGP would be implemented under section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note). This rule also announces the Agricultural Marketing Service's intention to request approval by the Office of Management and Budget (OMB) of the new information collection requirements necessary to implement the SCBGP.

DATES: Comments received by May 22, 2006, will be considered prior to issuance of a final rule. Pursuant to the Paperwork Reduction Act, comments on the information collection burden that would result from this proposal must be received by June 19, 2006.

ADDRESSES: Interested persons are invited to submit written comments concerning this action. Comments must be sent to the Docket Clerk, Fruit and Vegetable Programs, AMS, USDA, 1400 Independence Avenue, SW., Stop 0243, Washington, DC 20250–0243; Fax: (202) 690–0102; E-mail:

scblockgrants@usda.gov; or Internet: <http://www.regulations.gov>. Comments concerning the information collection requirements should be sent to the Office of Information and Regulatory Affairs, OMB: Attention: Desk Officer for AMS, Washington, DC 20503. Please state that your comments refer to Docket No. FV06–1290–1 PR. Comments concerning the information requirements also should be sent to the Docket Clerk at the above address. Comments shall reference docket number FV06–1290–1 PR and the date and page number of this issue of the **Federal Register** and will be available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed at: <http://www.ams.usda.gov/fv/scbgp.html>.

FOR FURTHER INFORMATION CONTACT:

Trista Etzig, Fruit and Vegetable Programs, AMS, USDA, 1400 Independence Avenue, SW., Stop 0243, Washington, DC 20250–0243; Telephone: (202) 690–4942; Fax: (202) 690–0102; or E-mail: trista.etzig@usda.gov.

SUPPLEMENTARY INFORMATION: