

# Proposed Rules

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

## DEPARTMENT OF COMMERCE

### 2 CFR Part 1326

#### 15 CFR Parts 14 and 26

[Docket No. 060830228-6228-01]

RIN 0605-AA23

#### Department of Commerce Implementation of OMB Guidance on Nonprocurement Debarment and Suspension

AGENCY: Department of Commerce.

ACTION: Proposed rule.

**SUMMARY:** The Department of Commerce (Department) proposes to remove its regulations implementing the government-wide common rule on nonprocurement debarment and suspension, currently codified at Title 15, and to adopt the Office of Management and Budget's (OMB) guidance at Title 2 of the Code of Federal Regulations (CFR) published in the **Federal Register** on August 31, 2005. This proposed regulatory action would implement the OMB's initiative to streamline and consolidate all federal regulations on nonprocurement debarment and suspension into one part of the CFR. The Department does not intend to modify any of its current policy.

**DATES:** Submit comments on the proposed regulatory action by October 23, 2006.

**ADDRESSES:** Comments on this proposed action should be sent to Gary Johnson, U.S. Department of Commerce, Room H-6054, 14th & Constitution Avenue, NW., Washington, DC 20230.

**FOR FURTHER INFORMATION CONTACT:** For further information, please contact Gary Johnson at (202) 482-1679 or by e-mail at [gjohnso3@doc.gov](mailto:gjohnso3@doc.gov).

#### SUPPLEMENTARY INFORMATION:

##### Background

On August 31, 2005, the Office of Management and Budget (OMB) issued an interim final guidance that

implemented its Guidance for Governmentwide Debarment and Suspension (Nonprocurement), codified in Part 180 of title 2 of the Code of Federal Regulations (70 FR 51862, August 31, 2005). In addition to restating and updating its guidance on nonprocurement debarment and suspension, the interim final guidance requires all federal agencies to adopt a new approach to Federal agency implementation of the guidance. OMB requires each agency to issue a brief rule that: (1) Adopts the guidance, giving it regulatory effect for that agency's activities; and (2) states any agency-specific additions, clarifications, and exceptions to the government-wide policies and procedures contained in the guidance. That guidance also requires agencies to implement the OMB guidance by February 28, 2007.

Pursuant to the requirements in OMB's interim final guidance, the Department of Commerce (Department) proposes to:

(1) Remove 15 CFR Part 26; (2) replace the Department's part containing the full text of the debarment and suspension common rule with a brief part implementing OMB's guidance and any provisions specific to the Department; (3) co-locate the Department's part with OMB's guidance in 2 CFR along with other agencies' regulations in that title; and (4) revise references in 15 CFR Part 14 with the citation to the Department's regulations located in Title 2, Part 1326.

This proposed regulatory action would implement the OMB's initiative to streamline and consolidate all federal regulations on nonprocurement debarment and suspension into one part of the CFR, and does not intend to modify any of the Department's current policy.

#### Invitation to Comment

We intend the proposed new part in 2 CFR to adopt the OMB guidelines with the same additions and clarifications we made to the common rule on nonprocurement debarment and suspension in the **Federal Register** publication of November 26, 2003 (68 FR 66575). We invite comments on the provisions contained in the common rule as well as any aspect of this proposed rulemaking.

#### Executive Order 12866

This proposed regulatory action has been determined to be not significant for purposes of E.O. 12866.

#### Regulatory Flexibility Act of 1980 (5 U.S.C. 605(b))

The Chief Counsel for Regulation at the Department of Commerce certified to the Chief Counsel for Advocacy at the Small Business Administration that this rule, if adopted, would not have a significant economic impact on a substantial number of small entities. This action would merely remove the DOC's current policy and provisions related to the debarment and suspension common rule and replace it with a brief part adopting OMB's guidance and implementing any provisions specific to the Department. In addition, it would co-locate the Department's regulations with OMB's guidance in 2 CFR along with other agencies' rules in that title. These revisions are purely administrative in nature and do not modify the Department's current policy. Because these changes are not substantive, the Chief Counsel for Regulation certified that this action would not have a significant economic impact on a substantial number of small entities.

#### Unfunded Mandates Act of 1995 (Sec. 202, Pub. L. 104-4)

This proposed regulatory action does not contain a Federal mandate that will result in the expenditure by State, local, and tribal governments, in aggregate, or by the private sector of \$100 million or more in any one year.

#### Paperwork Reduction Act of 1995 (44 U.S.C., Chapter 35)

This regulatory action will not impose any additional reporting or recordkeeping requirements under the Paperwork Reduction Act. Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with a collection of information subject to the Paperwork Reduction Act unless that collection displays a currently valid OMB Control Number.

#### Federalism (Executive Order 13132)

This proposed regulatory action does not have Federalism implications, as set forth in Executive Order 13132. It will

not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

#### List of Subjects

##### 2 CFR Part 1326

Administrative practice and procedure, Debarment and suspension, Grant programs, Reporting and recordkeeping requirements.

##### 15 CFR Part 14

Accounting, Administrative practice and procedure, Grant programs, Reporting and recordkeeping requirements.

##### 15 CFR Part 26

Administrative practice and procedure, Debarment and suspension, Grant programs, Reporting and recordkeeping requirements.

Issued this 18th day of September at Washington, DC.

**Michael S. Sade,**

*Director for Acquisition Management and Procurement Executive.*

Accordingly, under the authority of 5 U.S.C. 301; Sec. 2455, Pub. L. 103-355, 108 Stat. 3327 (31 U.S.C. 6101 note); E.O. 12549 (3 CFR, 1986 Comp., p. 189); and E.O. 12689 (3 CFR, 1989 Comp., p. 235) the Department of Commerce proposes the following amendments to the Code of Federal Regulations, Title 2, Subtitle B, Title 15 Part 14 and Title 15 Part 26, as follows:

#### Title 2—Grants and Agreements

1. Add Chapter 13, consisting of Part 1326 to Subtitle B to read as follows:

##### Chapter 13—Department of Commerce

#### PART 1326—NONPROCUREMENT DEBARMENT AND SUSPENSION

Sec.

1326.10 What does this part do?

1326.20 Does this part apply to me?

1326.30 What policies and procedures must I follow?

##### Subpart A—General

1326.137 Who in the Department of Commerce may grant an exception to let an excluded person participate in a covered transaction?

##### Subpart B—Covered Transactions

1326.215 Which nonprocurement transactions, in addition to those listed in 2 CFR 180.215, are not covered transactions?

1326.220 What contracts and subcontracts, in addition to those listed in 2 CFR 180.220, are covered transactions?

##### Subpart C—Responsibilities of Participants Regarding Transactions

1326.332 What methods must I use to pass requirements down to participants at lower tiers with whom I intend to do business?

##### Subpart D—Responsibilities of Federal Agency Officials Regarding Transactions

1326.437 What method do I use to communicate to a participant the requirements described in the OMB guidance at 2 CFR 180.435?

##### Subparts E—H—[Reserved]

##### Subpart I—Definitions

1326.970 Nonprocurement transaction (Department of Commerce supplement to government-wide definition at 2 CFR 180.970).

##### Subpart J—[Reserved]

**Authority:** 5 U.S.C. 301; Sec. 2455, Pub. L. 103-355, 108 Stat. 3327; E.O. 12549, 3 CFR, 1986 Comp., p. 189; E.O. 12689, 3 CFR, 1989 Comp., p. 235.

##### 1326.10 What does this part do?

This part adopts the Office of Management and Budget (OMB) guidance in Subparts A through I of 2 CFR part 180, as supplemented by this part, as the Department of Commerce policies and procedures for nonprocurement debarment and suspension. It thereby gives regulatory effect to the OMB guidance as supplemented by this part. This part satisfies the requirements in section 3 of Executive Order 12549, “Debarment and Suspension” (3 CFR 1986 Comp., p. 189), Executive Order 12689, “Debarment and Suspension” (3 CFR 1989 Comp., p. 235) and 31 U.S.C. 6101 note (Section 2455, Public Law 103-355, 108 Stat. 3327).

##### 1326.20 Does this part apply to me?

This part and, through this part, pertinent portions of the OMB guidance in Subparts A through I of 2 CFR part 180 (see table at 2 CFR 180.100(b)) apply to you if you are a—

(a) Participant or principal in a “covered transaction” (see Subpart B of 2 CFR part 180 and the definition of “nonprocurement transaction” at 2 CFR 180.970, as supplemented by Subpart B and § 1326.970 of this part).

(b) Respondent in a Department of Commerce suspension or debarment action.

(c) Department of Commerce debarment or suspension official;

(d) Department of Commerce grants officer, agreements officer, or other official authorized to enter into any type of nonprocurement transaction that is a covered transaction;

##### § 1326.30 What policies and procedures must I follow?

The Department of Commerce policies and procedures that you must follow are the policies and procedures specified in each applicable section of the OMB guidance in Subparts A through I of 2 CFR part 180, as that section is supplemented by the section in this part with the same section number. The contracts that are covered transactions, for example, are specified by section 220 of the OMB guidance (*i.e.*, 2 CFR 180.220) as supplemented by section 220 in this part (*i.e.*, § 1326.220). For any section of OMB guidance in Subparts A through I of 2 CFR 180 that has no corresponding section in this part, Department of Commerce policies and procedures are those in the OMB guidance.

##### Subpart A—General

##### § 1326.137 Who in the Department of Commerce may grant an exception to let an excluded person participate in a covered transaction?

Within the Department of Commerce, the Secretary of Commerce or designee has the authority to grant an exception to let an excluded person participate in a covered transaction, as provided in the OMB guidance at 2 CFR 180.135.

##### Subpart B—Covered Transactions

##### § 1326.215 Which nonprocurement transactions, in addition to those listed in 2 CFR 180.215, are not covered transactions?

(a) For purposes of the Department of Commerce, a transaction that the Department needs to respond to a national or agency-recognized emergency or disaster includes the Fisherman’s Contingency Fund.

(b) For purposes of the Department of Commerce, an incidental benefit that results from ordinary governmental operations includes:

(1) Export Promotion, Trade Information and Counseling, and Trade policy.

(2) Geodetic Surveys and Services (Specialized Services).

(3) Fishery Products Inspection Certification.

(4) Standard Reference Materials.

(5) Calibration, Measurement, and Testing.

(6) Critically Evaluated Data (Standard Reference Data).

(7) Phoenix Data System.

(8) The sale or provision of products, information, and services to the general public.

(c) For purposes of the Department of Commerce, any other transaction if the application of an exclusion to the

transaction is prohibited by law includes:

- (1) The Administration of the Anti-dumping and Countervailing Duty Statutes.
- (2) The export Trading Company Act Certification of Review Program.
- (3) Trade Adjustment Assistance Program Certification.
- (4) Foreign Trade Zones Act of 1934, as amended.
- (5) Statutory Import Program.

**§ 1326.220 What contracts and subcontracts, in addition to those listed in 2 CFR 180.220, are covered transactions?**

In addition to the contracts covered under 2 CFR 180.220(b) of the OMB guidance, this part applies to a subcontract that is awarded by a participant in a procurement transaction covered under 2 CFR 180.220(a), if the amount of the subcontract exceeds or is expected to exceed \$25,000. This extends the coverage of the Department of Commerce nonprocurement suspension and debarment requirements to one additional tier of contracts under covered nonprocurement transactions, as permitted under the OMB guidance at 2 CFR 180.220(c) (see optional lower tier coverage in the figure in the Appendix to 2 CFR part 180).

**Subpart C—Responsibilities of Participants Regarding Transactions**

**§ 1326.332 What methods must I use to pass requirements down to participants at lower tiers with whom I intend to do business?**

You as a participant must include a term or condition in lower-tier transactions requiring lower-tier participants to comply with Subpart C of the OMB guidance in 2 CFR part 180, as supplemented by this subpart.

**Subpart D—Responsibilities of Federal Agency Officials Regarding Transactions**

**§ 1326.437 What method do I use to communicate to a participant the requirements described in the OMB guidance at 2 CFR 180.435?**

To communicate to a participant the requirements described in 2 CFR 180.435 of the OMB guidance, you must include a term or condition in the transaction that requires the participant's compliance with subpart C of 2 CFR part 180, as supplemented by Subpart C of this part, and requires the participant to include a similar term or condition in lower-tier covered transactions.

**Subparts E—H—[Reserved]**

**Subpart I—Definitions**

**§ 1326.970 Nonprocurement transaction (Department of Commerce supplement to government-wide definition at 2 CFR 180.970).**

For purposes of the Department of Commerce, nonprocurement transaction includes the following:

- (a) Joint project Agreements under 15 U.S.C. § 1525.
- (b) Cooperative research and development agreements.
- (c) Joint statistical agreements.
- (d) Patent licenses under 35 U.S.C. § 207.
- (e) NTIS joint ventures, 15 U.S.C. § 3704b.

**Subpart J—[Reserved]**

**Title 15, Commerce and Foreign Trade**

**Part 26—Department of Commerce**

**PART 26—[REMOVED]**

2. Remove Part 26.

**Title 15, Commerce and Foreign Trade**

**PART 14—DEPARTMENT OF COMMERCE**

3. The authority citation for part 14 continues to read as follows:

**Authority:** 5 U.S.C. 301; OMB Circular A-110 (64 FR 54926, October 8, 1999).

4. Section 14.13 is amended by removing the citation "15 CFR Part 26" and adding in its place the citation "2 CFR Part 1326".

[FR Doc. 06-8022 Filed 9-21-06; 8:45 am]

**BILLING CODE 3510-FA-P**

**DEPARTMENT OF AGRICULTURE**

**Agricultural Marketing Service**

**7 CFR Part 51**

[Docket Number FV-06-303]

**Potatoes; Grade Standards**

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

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would revise the United States Standards for Grades of Potatoes. These standards are issued under the Agricultural Marketing Act of 1946. The use of these grading standards is voluntary unless potatoes are under a marketing order that provides for certain requirements set forth in the grade standards or the

potatoes are subject to import requirements under the Agricultural Marketing Agreement Act of 1937. The changes being proposed are the results of the detailed work performed by the Joint U.S./Canadian Potato Council that was charged with harmonizing the U.S. and Canadian Potato Grade Standards. The purpose for this revision is to update and revise the standards to more accurately represent today's marketing practices.

**DATES:** Comments must be received by November 21, 2006.

**ADDRESSES:** Interested persons are invited to submit written comments concerning this proposal. Comments must be sent to the Standardization Section, Fresh Products Branch, Fruit and Vegetable Programs, Agricultural Marketing Service, U.S. Department of Agriculture, 1400 Independence Ave., SW., Room 1661 South Building, Stop 0240, Washington, DC 20250-0240; Fax (202) 720-8871, E-mail [FPBDocketclerk@usda.gov](mailto:FPBDocketclerk@usda.gov). Comments should make reference to the date and page number of this issue of the **Federal Register** and will be made available for public inspection in the above office during regular business hours. Comments can also be submitted on the Internet at: <http://www.regulations.gov>. The current United States Standards for Grades of Potatoes, along with the proposed changes, will be available either through the address cited above or by accessing the AMS, Fresh Products Branch Web site at: <http://www.ams.usda.gov/standards/stanfxfv.htm>.

**FOR FURTHER INFORMATION CONTACT:** Cheri Emery, at the above address or call (202) 720-2185; E-mail [Cheri.Emery@usda.gov](mailto:Cheri.Emery@usda.gov).

**SUPPLEMENTARY INFORMATION:**

**Executive Order 12866 and 12988**

The Office of Management and Budget has waived the review process required by Executive Order 12866 for this action. This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This action is not intended to have retroactive effect. This rule will not preempt any state or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule. There are no administrative procedures which must be exhausted prior to any judicial challenge to the provisions of the rule.

**Regulatory Flexibility Act and Paperwork Reduction Act**

The Joint U.S./Canadian Council, which was established by the United