

*Estimated Number of Responses per Respondent:* 2.

*Estimated Number of Responses:* 43.

*Estimate of Total Annual Burden on Respondents:* 416.

Copies of this information collection can be obtained from Cheryl Thompson, Regulations and Paperwork Management Branch, Support Services Division at (202) 692-0043.

#### Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of RBS, including whether the information will have practical utility; (b) the accuracy of RBS' estimate of the burden of the proposed collection of information including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Comments may be sent to Cheryl Thompson, Regulations and Paperwork Management Branch, Support Services Division, U.S. Department of Agriculture, Rural Development, STOP 0742, 1400 Independence Ave., SW., Washington, DC 20250. All responses to this notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

#### Environmental Impact Statement

It is the determination of the Secretary that this action is not a major Federal action significantly affecting the environment. Therefore, in accordance with the National Environmental Policy Act of 1969, an Environmental Impact Statement is not required.

#### Executive Order 12988

This rule has been reviewed in accordance with E.O. 12988, Civil Justice Reform. In accordance with this rule: (1) All state and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings in accordance with 7 CFR part 11 must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

#### The Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments and the private sector. Under section 202 of the UMRA, USDA must prepare a written statement, including a cost benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to state, local or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of UMRA generally requires USDA to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for state, local, and tribal governments or the private sector. Therefore this rule is not subject to the requirements of sections 202 and 205 of UMRA.

#### Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act (5 U.S.C. 601-612), the undersigned has determined and certified by signature of this document that this rule will not have a significant economic impact on a substantial number of small entities. The Regulatory Flexibility Act is intended to encourage Federal agencies to utilize innovative administrative procedures in dealing with individuals, small businesses, small organizations, and small governmental bodies that would otherwise be unnecessarily adversely affected by Federal regulations. The provisions included in this rule will not impact a substantial number of small entities to a greater extent than large entities. Therefore, no regulatory flexibility analysis under the Regulatory Flexibility Act is necessary.

#### Executive Order 13132, Federalism

The policies contained in this rule do not have any substantial direct effect on 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. Nor does this rule impose substantial direct compliance costs on state and local governments. This rule is intended to foster cooperation between the Federal Government and the states and local

governments, and reduces, where possible, any regulatory burden imposed by the Federal Government that impedes the ability of states and local governments to solve pressing economic, social and physical problems in their state.

#### I. Background

Section 6402 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (2002 Farm Bill) authorized a new grant initiative to establish up to 15 agriculture innovation demonstration centers (Agriculture Innovation Centers or AICs) with the intent of fostering the ability of agricultural producers to reap the benefits of producing and marketing value-added products. Section 6401 of the 2002 Farm Bill expanded a value-added producer grant program initially established by section 231 of the Agricultural Risk Protection Act of 2000 (Pub. L. 106-224). These two provisions of the 2002 Farm Bill are the subject of this proposed rulemaking.

The Value-Added Producer Grant program was authorized in 2000. Over \$57,000,000 in value-added producer grants have been awarded since this program was first authorized. This proposed rule incorporates the broader standards for eligibility for future producer grants and reflects some of the lessons learned from the experiences of the U.S. Department of Agriculture in implementing this program over the past two years. For example, we have clarified that two separate types of grants are available, *i.e.*, planning and working capital grants, with slight differences in the respective application requirements and evaluation criteria.

The grant purposes for Value-Added Producer grants are primarily to support the development and implementation of business plans and marketing strategies for value-added products and are made directly to agricultural producers. The 2002 Farm Bill added a new dimension to value-added efforts with the authorization of grants for a third value-added program, namely a demonstration program whereby the grant recipients are to be centers that provide technical assistance and marketing and development assistance to producers. The proposed rule contemplates that the centers in question are not new buildings, *per se*, but may be research and resource centers operating under the umbrella of an established entity.

The eligibility requirements for the Agriculture Innovation Centers authorized in section 6402 of the 2002 Farm Bill place an emphasis on the recipients' capabilities and a plan and board management that reflect the needs of the agricultural community in their