

For the 2000–2001 and subsequent fiscal periods, the Committee recommended, and USDA approved, an assessment rate that would continue in effect from fiscal period to fiscal period unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other information available to USDA.

The Committee met on April 3, 2003, and in a vote of seven in favor, one against, and one abstention, recommended an assessment rate of \$0.095 per hundredweight of onions handled. The assessment rate of \$0.095 is \$0.015 higher than the rate currently in effect. The order authorizes the Committee to establish an operating reserve of up to one fiscal period's operational expense. However, the Committee has maintained the operating reserve at a level of approximately one-half of one fiscal period's operational expenses. The Committee, over the last four fiscal periods, has reduced its operating reserve to this level. The Committee recommended the \$0.015 increase so the total of assessment income (\$870,200), contributions (\$79,800), interest income (\$6,000), and other income (\$1,000) would equal the recommended expenses for 2003–2004 of \$957,000. With these revenue sources, the Committee would not need to access its operating reserve and would maintain the reserve at the current level.

The Committee met on June 12, 2003 and unanimously recommended 2003–2004 expenditures of \$957,000. In comparison, last year's budgeted expenditures were \$1,044,824. The major expenditures for the 2003–2004 fiscal period include \$10,000 for committee expenses, \$148,353 for salary expenses, \$72,610 for travel/office expenses, \$59,170 for research expenses, \$27,250 for export expenses, \$589,617 for promotion expenses, and \$50,000 for unforeseen marketing order contingencies. Budgeted expenses for these items in 2002–2003 were \$10,000, \$143,814, \$77,460, \$59,550, \$54,000, \$675,000, and \$25,000, respectively.

The Committee estimates that onion shipments for the 2003–2004 fiscal period will be approximately 9,160,000 hundredweight, which should provide \$870,200 in assessment income. Income derived from handler assessments, along with contributions (\$79,800), interest income (\$6,000), and other income (\$1,000) would equal expenses. The Committee estimates that its operating reserve will be approximately \$434,303 at the beginning of the 2003–2004 fiscal period. Funds in the reserve would be kept within the maximum permitted by

the order of approximately one fiscal year's operational expenses (\$958.44).

The proposed assessment rate would continue in effect indefinitely unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate would be in effect for an indefinite period, the Committee would continue to meet prior to or during each fiscal period to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or USDA. Committee meetings are open to the public and interested persons may express their views at these meetings. USDA would evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking would be undertaken as necessary. The Committee's 2003–2004 budget and those for subsequent fiscal periods would be reviewed and, as appropriate, approved by USDA.

Initial Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this rule on small entities. Accordingly, AMS has prepared this initial regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 37 handlers of Idaho-Eastern Oregon onions who are subject to regulation under the order and approximately 250 onion producers in the regulated production area. Small agricultural service firms are defined by the Small Business Administration (SBA) (13 CFR 121.201) as those whose annual receipts are less than \$5,000,000, and small agricultural producers are defined as those whose annual receipts are less than \$750,000.

The Committee estimates that 32 of the 37 handlers of Idaho-Eastern Oregon onions ship under \$5,000,000 worth of onions on an annual basis. According to the *Vegetables 2002 Summary* reported

by the National Agricultural Statistics Service, the total farm gate value of onions in the regulated production area for 2002 was \$93,807,000. Therefore, the 2002 average gross revenue for an onion producer in the regulated production area was \$375,228. Based on this information, it can be concluded that the majority of handlers and producers of Idaho-Eastern Oregon onions may be classified as small entities.

This rule would specify in the regulatory text the Committee's fiscal period beginning July 1 of each year and ending June 30 of the following year, and increase the assessment rate established for the Committee for the 2003–2004 and subsequent fiscal periods from \$0.08 to \$0.095 per hundredweight of onions handled, and would establish, in the regulatory text, the Committee's fiscal period beginning July 1 of each year and ending June 30 of the following year. The Committee recommended an assessment rate of \$0.095 per hundredweight, which is \$0.015 higher than the rate currently in effect. The quantity of assessable onions for the 2003–2004 fiscal period is estimated at 9,160,000 hundredweight. Thus, the \$0.095 rate should provide \$870,200 in assessment income, which along with anticipated contributions, interest income, and other income is balanced to cover budgeted expenses expected to total about \$957,000.

The major expenditures recommended by the Committee for the 2003–2004 fiscal period include \$10,000 for committee expenses, \$148,353 for salary expenses, \$72,610 for travel/office expenses, \$59,170 for research expenses, \$27,250 for export expenses, \$589,617 for promotion expenses, and \$50,000 for unforeseen marketing order contingencies. Budgeted expenses for these items in 2002–2003 were \$10,000, \$143,814, \$77,460, \$59,550, \$54,000, \$675,000, and \$25,000, respectively.

The Committee reviewed and unanimously recommended 2003–2004 expenditures of \$957,000. This budget will increase the budget line items for salary expenses and marketing order contingencies, and decrease the budget line items for travel and office expenses, research expenses, export expenses, and promotion expenses. Prior to arriving at this budget, the Committee considered information from various sources, including the Idaho-Eastern Oregon Onion Executive, Research, Export, and Promotion Committees. These subcommittees discussed alternative expenditure levels, based upon the relative value of various research and promotion projects to the Idaho-Eastern Oregon onion industry. The assessment rate of \$0.095 per hundredweight of