

percent, by weight, of the raisins in a lot must be well-matured or reasonably well-matured. With respect to select-sized and mixed-sized lots, the raisins must at least meet the U.S. Grade B tolerances for pieces of stem, and underdeveloped and substandard raisins, and small (midget) sized raisins must meet the U.S. Grade C tolerances for those factors.

### Reporting Requirements

All raisin handlers are currently required to submit various reports to the RAC where the data collected is segregated by varietal type of raisin. These reports include: (1) Weekly Report of Standard Raisin Acquisitions (RAC-1); (2) Weekly Report of Standard Raisins Received for Memorandum Receipt or Warehousing (RAC-3); (3) Monthly Report of Free Tonnage Raisin Disposition (RAC-20); (4) Weekly Off-Grade Summary (RAC-30); (5) Inventory of Free Tonnage Standard Quality Raisins On Hand (RAC-50); and (6) Inventory of Off-Grade Raisins On Hand (RAC-51). This rule requires that these forms be revised to remove the columns for Oleates. The current total annual reporting burden for these six forms is 660 hours. This rule will not change this burden on handlers.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), these information collection requirements have been previously approved by the Office of Management and Budget (OMB) under OMB Control Number 0581-0178.

### 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 action 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 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 20 handlers of California raisins who are subject to regulation under the order and approximately 4,500 raisin producers in the regulated area. Small agricultural service firms are defined by the Small Business Administration (13 CFR 121.201) as those having annual receipts

of less than \$5,000,000, and small agricultural producers are defined as those having annual receipts of less than \$750,000. Thirteen of the 20 handlers subject to regulation have annual sales estimated to be at least \$5,000,000, and the remaining 7 handlers have sales less than \$5,000,000. No more than 7 handlers, and a majority of producers, of California raisins may be classified as small entities.

The order provides authority for volume and quality regulations that are applied according to varietal type of raisin. This rule combines the Oleate varietal type with the Natural varietal type, and makes conforming changes to the order's volume and quality regulations. Pursuant to § 989.10 of the order, § 989.110 of the regulations is revised to remove the Oleate varietal type, and to include sun-dried raisins that may or may not be treated with Oleate or similar food-grade drying agent in the definition of the Natural varietal type. Pursuant to § 989.66, § 989.166(a)(1) is revised to add identification, delivery, and transfer requirements for Naturals treated with Oleate, or similar drying agents. Finally, pursuant to §§ 989.58 and 989.59, the order's quality regulations are revised to remove references to Oleates as follows: incoming quality requirements specified in §§ 989.210, 989.212, 989.213, and 989.701; a table of factors for converting between natural condition and processed weight specified in § 989.601; and outgoing quality requirements specified in § 989.702.

Regarding the impact of this action on affected entities, this rule helps ensure that sun-dried Natural Thompson raisins or raisins produced from similar grape varieties will be subject to the same volume regulation percentages. Concerns about circumventing volume regulation by representing Naturals as Oleates will be addressed. If volume regulation were in effect, handlers who have a market for Oleate-treated raisins will have the opportunity to substitute free tonnage non-Oleate treated Naturals for their reserve Oleates to meet their market needs.

The RAC considered several alternatives to this action. In the spring of 2002, the RAC recommended, and USDA approved, conducting a research study to determine if it is possible to distinguish whether Oleate or a similar agent was applied to a grape as opposed to a raisin. This would assist in determining if Oleate or a similar drying agent was being applied to raisins to circumvent volume regulation. Preliminary information indicates that distinguishing if Oleate or similar drying agent were applied to grapes or

raisins may not be possible. There were also some discussions on establishing color specifications to differentiate between non-Oleate Naturals, Oleate-treated Naturals, and DOV. However, the general consensus is that raisins darken with time so that color specifications would be very difficult to apply. Further, there were discussions about requiring producers to file a declaration with the RAC prior to the beginning of the crop year regarding the use of Oleate or similar agent. However, such a producer declaration could not be required.

Regarding the impact of this action on reporting requirements under the order, all raisin handlers are currently required to submit various reports to the RAC where the data collected is segregated by varietal type of raisin. As previously listed, these reports include: (1) Weekly Report of Standard Raisin Acquisitions (RAC-1); (2) Weekly Report of Standard Raisins Received for Memorandum Receipt or Warehousing (RAC-3); (3) Monthly Report of Free Tonnage Raisin Disposition (RAC-20); (4) Weekly Off-Grade Summary (RAC-30); (5) Inventory of Free Tonnage Standard Quality Raisins On Hand (RAC-50); and (6) Inventory of Off-Grade Raisins On Hand (RAC-51). This rule requires that these forms be revised to remove the columns for Oleates. The current total annual burden for these six forms is 660 hours. This rule will not change this burden on handlers.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the information collection requirements referenced above have been approved by the Office of Management and Budget (OMB) under OMB Control No. 0581-0178. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

Additionally, except for applicable section 8e import regulations, USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this rule. However, as previously stated, Natural raisins must at least meet U.S. Grade C as defined in the United States Standards for Grades of Processed Raisins (§§ 52.1841 through 52.1858) issued under the Agricultural Marketing Act of 1946 (7 U.S.C. 1622 through 1624).

Further, this action was reviewed at several industry meetings as follows—the RAC's Industry Solutions Subcommittee on April 21, 2003, the Administrative Issues Subcommittee on April 23, 2003, work group meetings on April 29 and May 12, 2003, and an