

TABLE 5.—FROZEN AND REFRIGERATED PIZZAS: COMPARISON OF TOTAL COSTS OF PRINTING STICKERS AND PACKAGES¹
[In thousands]

Product category	Packages			Stickers		
	Cost level			Cost level		
	Low	Medium	High	Low	Medium	High
Frozen & refrigerated pizzas	740	1,287	1,834	6,880	12,642	17,940

Source: RTI Labeling Cost Model (Muth, Gledhill, and Karns, 2001).

¹ Estimated for 2001.

d. Labeling Approval

FSIS will generically approve the necessary modifications made to labels of existing pizza products needed to make these products compliant with the new labeling requirement. Thus, for existing pizza products, there will be no additional costs associated with the submission of labels for approval from FSIS. Also, once the three-year effective date for the labeling requirement has expired, manufacturers will be able to remove the meat or poultry content statement because the statement will be a non-mandatory feature. Therefore, there will be no incremental cost attributed to the final rule.

3. Other Costs

Other costs associated with the rule are voluntary. Companies that chose to develop and market new styles of pizza will incur the normal costs of production, labeling, and marketing as before. Labels for new pizza products may require formal approval from FSIS if they do not qualify for generic approval. Thus, manufacturers of new pizza products may incur costs to obtain formal label approval from FSIS. Companies that chose to identify products with a descriptive name rather than as a "pizza", e.g., "sausage, cheese, and sauce on a crust," will not be subject to the meat or poultry content labeling requirement.

Additionally, when the three-year effective date for the final rule has elapsed, companies that chose to remove the percent meat or poultry statement from their product labels will incur similar administrative and graphic design costs to modify their labels should they choose to remove this statement. However, companies will remove the percent meat or poultry statement from their product labels, if they believe that the benefits exceed the costs of removing the statement. FSIS does not believe that this is a cost of the final rule.

4. Total Costs

The total cost associated with the requirement that the percent of meat or

poultry be conveyed on the labeling of meat or poultry pizzas is estimated at the mid-range point of \$1,287,270 industry-wide or \$8,305 (administrative cost—\$3,185 and graphic design costs—\$5,120) per firm for the three-year period. The actual costs will be lower than the estimated total costs because the analysis included the cost of changing the labels for all pizzas including cheese and vegetable and cheese pizzas that are not affected by the final rule. The final rule will be cost-beneficial because FSIS believes that the non-quantifiable benefits of providing consumers a greater variety of meat pizzas that have varied and potentially improved nutritional profiles and protecting consumers from any potential misrepresentation of the amount of meat and poultry content of pizzas justifies the cost to companies of providing the percent label of meat and poultry content on pizzas.

VI. Effect on Small Entities

FSIS has examined the economic implications of the final rule as required by the Regulatory Flexibility Act (5 U.S.C. 601–612). If a rule has a significant economic impact on a substantial number of small entities, the Regulatory Flexibility Act requires that the regulatory options that would lessen the economic effect of the rule on small entities be analyzed. FSIS has determined that the final rule will not have a significant impact on a substantial number of small entities.

FSIS has estimated the annualized cost impact on 149 small entities potentially affected by the final rule. The annualized costs to small meat and poultry pizza manufacturers are estimated to be approximately \$8,640 over three years, or \$2,880 annualized. The annualized cost of this final rule does not exceed \$6,711 which equates to 1 percent of the average small entity annual revenue, and therefore the impact of the final rule is considered not significant.

In addition, the cost of modifying the label is offset by the fact that manufacturers will be permitted to

exhaust their current inventory of pre-printed packages and therefore will not experience any additional cost of retiring unused packages.

Executive Order 12988

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This final rule: (1) Preempts State and local laws and regulations that are inconsistent with this rule; (2) has no retroactive effect; and (3) does not require administrative proceedings before parties may file suit in court challenging this rule. However, the administrative procedures specified in 9 CFR 306.5, 381.35, and 590.320 through 590.370 must be exhausted before any judicial challenge of the application of the provisions of this rule, if the challenge involves any decision of an FSIS employee relating to inspection services provided under the FMIA or PPIA.

Paperwork Requirements

FSIS has reviewed the paperwork and recordkeeping requirements in this final rule in accordance with the Paperwork Reduction Act and has determined that the paperwork requirements have already been accounted for in the Marking, Labeling, and Packaging Material information collection approved by the Office of Management and Budget (OMB). The OMB approval number for the Marking, Labeling, and Packaging Material information collection is 0583–0092.

Additional Public Notification

Public awareness of all segments of rulemaking and policy development is important. Consequently, in an effort to better ensure that minorities, women, and persons with disabilities are aware of this final rule, FSIS will announce it and make copies of this **Federal Register** publication available through the FSIS Constituent Update. FSIS provides a weekly Constituent Update, which is communicated via Listserv, a free e-mail subscription service. In addition, the update is available on-line through the FSIS web page located at <http://www.fsis.usda.gov>. The update is