

management, administrative, compliance, a Mexican Fruit Fly program, and advertising and promotion. The Committee recommended that the current assessment rate of \$0.11 per $\frac{7}{10}$ -bushel carton continue for the 2003–04 fiscal period. The quantity of assessable citrus was estimated at 10 million $\frac{7}{10}$ -bushel cartons or equivalents.

The Committee met again on October 8, 2003, and unanimously recommended revised 2003–04 expenditures of \$1,322,506 and an assessment rate of \$0.14 per $\frac{7}{10}$ -bushel carton or equivalent of oranges and grapefruit. In comparison, last year's budgeted expenditures were \$1,226,022. The assessment rate of \$0.14 is \$0.03 higher than the rate currently in effect. The Committee recommended the \$0.14 assessment rate to cover the increased costs associated with implementing a more comprehensive Mexican Fruit Fly program, and a significant decrease in the assessable production estimate for the 2003–04 marketing season. At this meeting, the estimate of assessable citrus was reduced to 9 million $\frac{7}{10}$ -bushel cartons or equivalents.

The major expenditures recommended by the Committee for the 2003–04 fiscal period include \$800,000 for advertising, \$279,000 for the Mexican Fruit Fly program, \$119,929 for management and administration of the program, and \$72,777 for compliance. Budgeted expenses for these items in 2002–03 were \$810,500, \$179,000, \$107,845, and \$74,777, respectively.

As mentioned earlier, the Committee's fiscal period begins August 1. There are no citrus shipments out of the production area during the months of August, September, and part of October. Some shippers begin shipping during the latter part of October, but shipments are light until late November when heavier shipments begin. On October 31, 2003, the Committee's reserve totaled \$16,230. The Committee will need to make significant advertising and promotion expenditures (about \$60,000) during November.

The Committee believes that assessment billings at the lower \$0.11 per $\frac{7}{10}$ -bushel carton rate may not be sufficient to cover all of its expenses. Assessing at the higher \$0.14 rate sooner would enable the Committee to maintain its reserves at a satisfactory level and ensure that all of its obligations are met.

The assessment rate recommended by the Committee was derived by dividing anticipated expenses by expected shipments of Texas oranges and grapefruit. Texas orange and grapefruit shipments for the fiscal period are

estimated at 9 million $\frac{7}{10}$ -bushel cartons or equivalents, which should provide \$1,260,000 in assessment income. Income derived from handler assessments, along with interest income and funds from the Committee's authorized reserve, will be adequate to cover budgeted expenses. Funds in the reserve (\$16,230 on October 31) will be kept within the maximum of one fiscal period's expenses permitted by the order (\$906.35).

The assessment rate established in this rule will 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 is effective for an indefinite period, the Committee will 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 will evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking will be undertaken as necessary. The Committee's 2003–04 budget and those for subsequent fiscal periods will 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 214 producers of oranges and grapefruit in the production area and approximately 16 handlers subject to regulation under the marketing order. Small agricultural producers are defined by the Small Business Administration (SBA) (13 CFR

121.201) as those having annual receipts less than \$750,000, and small agricultural service firms are defined as those whose annual receipts are less than \$5,000,000.

An updated Texas citrus industry profile shows that 6 of the 16 handlers (38 percent) shipped over 588,235 $\frac{7}{10}$ -bushel carton equivalents of oranges and grapefruit. Using an average f.o.b. price of \$8.50 per $\frac{7}{10}$ -bushel carton, these handlers could be considered large businesses under SBA's definition, and the remaining 10 handlers (62 percent) could be considered small businesses. Of the approximately 214 producers within the production area, few have sufficient acreage to generate sales in excess of \$750,000. Thus, the majority of handlers and producers of Texas oranges and grapefruit may be classified as small entities.

This rule increases the assessment rate established for the Committee and collected from handlers for the 2003–04 and subsequent fiscal periods from \$0.11 to \$0.14 per $\frac{7}{10}$ -bushel carton equivalent of oranges and grapefruit.

The Committee met on May 29, 2003, and unanimously recommended 2003–04 expenses of \$1,222,506 for management, administrative, compliance, a Mexican Fruit Fly program, and advertising and promotion. The Committee recommended that the current assessment rate of \$0.11 per $\frac{7}{10}$ -bushel carton continue for the 2003–04 fiscal period. The quantity of assessable citrus was estimated at 10 million $\frac{7}{10}$ -bushel cartons or equivalents.

The Committee met again on October 8, 2003, and unanimously recommended revised 2003–04 expenditures of \$1,322,506 and an assessment rate of \$0.14 per $\frac{7}{10}$ -bushel carton or equivalent of oranges and grapefruit. In comparison, last year's budgeted expenditures were \$1,226,022. The assessment rate of \$0.14 is \$0.03 higher than the current rate. The Committee recommended the \$0.14 assessment rate to cover the increased costs associated with the Committee's desire to implement a more comprehensive Mexican Fruit Fly program, and a significant decrease in the assessable production estimate for the 2003–04 marketing season. At this meeting, the estimate of assessable citrus was reduced to 9 million $\frac{7}{10}$ -bushel cartons or equivalents.

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