

Subpart S—Farm Loan Programs Account Servicing Policy

2. Amend § 1951.914 by revising paragraphs (b) introductory text, (c)(1), (e)(6) and (e)(9) to read as follows:

§ 1951.914 Servicing shared appreciation agreements.

* * * * *

(b) *When shared appreciation is due.* Shared Appreciation is due at the end of the 5 year term of the Shared Appreciation Agreement, or sooner, if one of the following events occurs:

* * * * *

(c) * * *

(1) The current market value of the real estate property will be determined based on a current appraisal. If a dwelling, barn, grain storage bin, or silo was constructed on the property during the term of the Shared Appreciation Agreement, its contributory value, as determined by an FSA appraisal, will be deducted from the value of the property for calculation of appreciation. If the new item is a replacement for a like item that existed when the Shared Appreciation Agreement was executed or the original item was notably expanded, such as the addition of rooms to a home, only the value added by the new or expanded item that increases the value of the original item will be deducted from the current market value. If only a portion of the real estate is being sold, or has been sold, an appraisal will be done only on the real estate being considered for release. In the event of a partial sale, an appraisal may be required to determine the market value of the property at the time the Shared Appreciation Agreement was signed if such value cannot be obtained through another method.

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(e) * * *

(6) The interest rate will be the Farm Program Homestead Protection rate contained in RD Instruction 440.1 (available in any FSA office.)

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(9) Unless serviced in accordance with this paragraph, the loan for the repayment of the shared appreciation amount will be closed and serviced in accordance with subpart J of this part. If the borrower has outstanding Farm Loan Programs loans, and becomes delinquent or financially distressed in accordance with § 1951.906, the loan for the repayment of the Shared Appreciation Agreement may be considered for reamortization as set forth in § 1951.909(e).

Signed in Washington, DC, on October 31, 1999.

August Schumacher, Jr.,

*Under Secretary for Farm and Foreign
Agricultural Services.*

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DEPARTMENT OF AGRICULTURE

Food Safety and Inspection Service

9 CFR Part 391

[Docket No. 99-045P]

Fee Increase for Meat and Poultry Inspection Services

AGENCY: Food Safety and Inspection Service, USDA.

ACTION: Proposed rule.

SUMMARY: The Food Safety and Inspection Service (FSIS) is proposing to increase the fees FSIS charges meat and poultry establishments, importers, and exporters for providing voluntary inspection services, overtime and holiday inspection services, identification services, certification services, and laboratory services. These fee increases reflect the increased cost of inspection, the national and locality pay raise for Federal employees (proposed 4.8 percent effective January 2000), the increased laboratory costs, and the applicable travel and operating costs. FSIS is proposing to make the fee increases effective January 2, 2000. At this time, FSIS is not proposing to amend the fee for the Accredited Laboratory Program.

DATES: Comments must be received by December 10, 1999.

ADDRESSES: Submit one original and two copies of written comments to FSIS Docket Clerk, Docket #99-045P, U.S. Department of Agriculture, Food Safety and Inspection Service, Room 102, Cotton Annex, 300 12th Street, SW., Washington, DC 20250-3700. All comments submitted in response to this proposal will be available for public inspection in the Docket Clerk's Office between 8:30 a.m. and 4:30 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: For information concerning policy issues, contact Daniel Engeljohn, Ph.D., Director, Regulations Development and Analysis Division, Office of Policy, Program Development, and Evaluation, FSIS, U.S. Department of Agriculture, Room 112, Cotton Annex, 300 12th Street, SW., Washington, DC 20250, (202) 720-5627, fax number (202) 690-0486.

For information concerning fee development, contact Michael B. Zimmerer, Director, Financial Management Division, Office of Management, FSIS, U.S. Department of Agriculture, Room 2130-S, 1400 Independence Avenue, SW., Washington, DC 20250, (202) 720-3552.

SUPPLEMENTARY INFORMATION:

Background

The Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA) provide for mandatory inspection by Federal inspectors of meat and poultry slaughtered or processed at official establishments. Such inspection is required to ensure the safety, wholesomeness, and proper labeling of meat and poultry. The cost of mandatory inspection (excluding such services performed on holidays or on an overtime basis) is borne by FSIS.

In addition to mandatory inspection, FSIS provides a range of voluntary inspection, certification, and identification services for meat and poultry. Under the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1621 *et seq.*), FSIS provides these services to assist in the orderly marketing of various animal products and byproducts not subject to the FMIA or the PPIA. These services include the certification of technical animal fats and the inspection of exotic animal products. FSIS is required to recover the costs of voluntary inspection, certification, and identification services.

FSIS also provides certain voluntary laboratory services that establishments or others may request FSIS to perform. The cost of these services, which are provided under the Agricultural Marketing Act of 1946, must be recovered by FSIS. Laboratory services are provided for four types of analytic testing. These are: microbiological testing, residue chemistry tests, food composition tests, and pathology testing.

Each year, FSIS expects to review the fees that it charges for providing overtime and holiday inspection services, voluntary inspection, identification, and certification services, and laboratory services, and to perform a cost analysis to determine whether the fees it has established are adequate to recover the costs that it incurs in providing the services. In its analysis of projected costs for January 1, 2000 to September 30, 2000, FSIS has identified increases in the costs that it will incur. FSIS is not proposing an increase in the fees for full calendar year 2000 because FSIS intends to propose a new fee

increase each Federal Fiscal Year (FY), i.e., the next fee increase after this proposed one should be effective on October 1, 2000. The proposed fee increases are attributable to the increased cost of inspection, the national and locality pay raise for Federal employees (proposed 4.8 percent effective January 2000), the increased laboratory costs, and the applicable travel and operating costs.

Accordingly, FSIS is proposing to amend 9 CFR section 391.2 to increase the base time fee for providing meat and poultry voluntary inspection, identification, and certification services from \$37.00 per hour per program employee to \$37.88 per hour per program employee (an increase of

2.38%). FSIS is also proposing to amend § 391.3 to increase the rate for providing meat and poultry overtime and holiday inspection services from \$36.84 per hour per program employee to \$39.76 per hour per program employee (an increase of 7.93%). Additionally, FSIS is proposing to amend § 391.4 to increase the rate for meat and poultry laboratory services from \$50.88 per hour per program employee to \$58.52 per hour per program employee (an increase of 15.02%). The increase in base time and overtime and holiday time rates is proportional to the salary increase and the inflation index rate recommended by the Office of Management and Budget for overhead costs (applicable travel and operating costs). The larger

fee increase in laboratory services relative to the other two fees is due to (1) an increase in the direct costs of laboratory services and (2) a decrease in the hours of activity. The lower the usage, the higher the fee, because there are less hours over which to distribute the overhead costs.

The differing fee increase for each type of service is the result of the different amount it costs FSIS to provide these three types of services. These differences in costs stem from various factors including the differing salary levels of the personnel who provide the services.

These fees and the proposed increase are reflected in Table 1.

TABLE 1.—INSPECTION SERVICE TYPE AND CURRENT AND PROPOSED RATES FOR 1/1/00 TO 9/30/00

Service type	Current rate \$/hour	Proposed Year 2000 rate \$/hour	Proposed increase \$/hour
Base time	37.00	37.88	.88
Overtime and Holiday	36.84	39.76	2.92
Laboratory	50.88	58.52	7.64

Beginning with the FY 2001, FSIS intends to propose adjustments in its fees for voluntary and reimbursable inspections effective each October 1. This approach will facilitate more consistent and timely proposals to adjust fees, and will assist the Agency and affected industry to plan for these fee adjustments.

Executive Order 12866 and Regulatory Flexibility Act

Because this proposed rule has been determined to be not significant, it was not reviewed by the Office of Management and Budget (OMB) under Executive Order 12866.

The Administrator, FSIS, has determined that this action will not have a significant economic impact on a substantial number of small entities as defined by the *Regulatory Flexibility Act* (5 U.S.C. 601). The fee increases provided for in this document reflect a small increase in the costs currently borne by those entities which elect to utilize certain inspection services *voluntarily*. These voluntary services are generally sought by larger establishments because of larger production volume or because of greater complexity and diversity in the products they produce; the small establishments do not seek these services perhaps because they cannot afford them. Therefore, the small establishments are not likely to be affected adversely by the increases.

The extent of incremental adverse impact is estimated from the proposed percentage increases in base time and overtime and holiday rates. The increase in base time rate from \$37.00/hour to \$37.88/hour amounts to 2.38 percent. The overtime and holiday services rate from \$36.84 to \$39.76 amounts to 7.93 percent or about 8 percent. These increases are consistent with similar increases in wages and overtime rates in the private sector. For example, according to the Bureau of Labor Statistics web site, the average wage, including overtime, in the poultry slaughtering and processing industry (SIC 2015) increased by about 5 percent (from \$344.73 per week in July 1998 to \$361.70 in July 1999). The average hourly wage, excluding the overtime rate, increased by 4 percent during the same period. The increase in laboratory fees of 15.02 percent (from \$50.88/hour to \$58.52/hour) reflects an increase in the direct cost of these services to FSIS, coupled with lower usage by industry.

The economic impact of the increase in the fees on small businesses in the meat and poultry industries would depend on the structure of these industries. Data from the U.S. Bureau of the Census, Survey of Industries, 1994, indicate that the meat industry is dominated by small firms and establishments relative to the poultry industry. For example, based on the U.S. Small Business Administration's

(SBA) definition of small business by the number of employees (fewer than 500), 96 percent of 1,226 firms comprising the meat industry (SIC 2011) are small. Similarly, 90 percent of individual meat establishments or plants in this industry are small. In 1994, these small businesses accounted for 19 percent of total employment in this industry. Their share of payroll was 18 percent of the total payroll of \$2.777 billion and their revenues were 16 percent of the total revenues of \$55.814 billion. In contrast, the poultry industry is comprised of relatively larger firms and establishments. For example, 51 percent of 567 establishments in this industry are large, according to the SBA definition. This industry has 332 firms with 207,875 workers and a payroll of \$3.5 billion. The estimated revenue of this industry amounted to \$27.111 billion in 1994.

FSIS believes that the small establishments in the meat and poultry industry would not be affected adversely by the proposed increases in the fees for four reasons. First, the fee increases are voluntary so that the establishments do not have to seek the services of FSIS inspector program personnel. Second, establishments that seek FSIS services are likely to have calculated that the incremental costs of voluntary inspection services would be less than the incremental expected benefits of additional revenues they

would realize from additional production. Third, the industry is likely to pass through the costs to consumers without significantly losing its market because price elasticity of demand for meat and poultry is inelastic. For example, Huang (1993) analyzed demand for meats and other products containing meat and poultry. Huang concluded that the price elasticity was -0.36 , *i.e.*, an increase in price of meat or poultry products by one percent would be associated with a decrease in its demand by only 0.36 percent. (Huang, Kao S., *A Complete System of U.S. Demand for Food*. USDA/ERS Technical Bulletin No. 1821, 1993, p. 24). In short, consumers are unlikely to reduce their demand for meat and poultry significantly when meat or poultry prices are increased by a few pennies a pound. Finally, the supply of beef and poultry products is likely to be very price elastic because, as noted above, there are hundreds of firms in these industries. Any single producer cannot raise the price of its products without losing its market share significantly.

Executive Order 12988

This proposed rule has been reviewed by FSIS under Executive Order 12988, Civil Justice Reform. This 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 and 381.35 of the FMIA and PPIA regulations, respectively, must be exhausted prior to any judicial challenge of the application of the provisions of this proposed rule, if the challenge involves any decision of an FSIS employee relating to inspection services provided under the FMIA or PPIA.

Additional Public Notification

Pursuant to Department Regulation 4300-4, "Civil Rights Impact Analysis," dated September 22, 1993, FSIS has considered the potential civil rights impact of this proposed rule on minorities, women, and persons with disabilities. FSIS anticipates that this proposed rule will not have a negative or disproportionate impact on minorities, women, or persons with disabilities. However, proposed rules generally are designed to provide information and receive public comments on issues that may lead to new or revised agency regulations or instructions. Public involvement in all segments of rulemaking and policy

development are important. Consequently, in an effort to better ensure that minorities, women, and persons with disabilities are aware of this proposed rule and are informed about the mechanism for providing their comments, FSIS will announce it and provide copies of this **Federal Register** publication in the FSIS Constituent Update.

FSIS provides a weekly FSIS Constituent Update, which is communicated via fax to over 300 organizations and individuals. In addition, the update is available on line through the FSIS web page located at <http://www.fsis.usda.gov>. The update is used to provide information regarding FSIS policies, procedures, regulations, **Federal Register** notices, FSIS public meetings, recalls, and any other types of information that could affect or would be of interest to our constituents/stakeholders. The constituent fax list consists of industry, trade, and farm groups, consumer interest groups, allied health professionals, scientific professionals, and other individuals that have requested to be included. Through these various channels, FSIS is able to provide information to a much broader, more diverse audience. For more information and to be added to the constituent fax list, fax your request to the Congressional and Public Affairs Office, at (202) 720-5704.

Executive Order 12898, Environmental Justice

Currently, FSIS has no data on the number of minority-owned FMIA or PPIA official establishments, nor can the Agency identify which FMIA or PPIA official establishments are minority owned. The Agency is looking into ways of collecting such data.

List of Subjects in 9 CFR Part 391

Fees and charges, Government employees, Meat inspection, Poultry products.

PART 391—FEES AND CHARGES FOR INSPECTION AND LABORATORY SERVICES

1. The authority citation for part 391 continues to read as follows:

Authority: 7 U.S.C. 138f; 7 U.S.C. 394, 1622 and 1624; 21 U.S.C. 451 *et seq.*; 21 U.S.C. 601-695; 7 CFR 2.18 and 2.53.

2. Sections 391.2, 391.3, and 391.4 are proposed to be revised to read as follows:

§ 391.2 Base time rate.

The base time rate for inspection services provided pursuant to §§ 350.7, 351.8, 351.9, 352.5, 354.101, 355.12, and

362.5 shall be \$37.88 per hour per program employee.

§ 391.3 Overtime and holiday rate.

The overtime and holiday rate for inspection services provided pursuant to §§ 307.5, 350.7, 351.8, 351.9, 352.5, 354.101, 355.12, 362.5 and 381.38 shall be \$39.76 per hour per program employee.

§ 391.4 Laboratory services rate.

The rate for laboratory services provided pursuant to §§ 350.7, 351.9, 352.5, 354.101, 355.12 and 362.5 shall be \$58.52 per hour per program employee.

Done in Washington, DC on: November 5, 1999.

Thomas J. Billy,
Administrator.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 99-ASO-21]

Proposed Establishment of Class E Airspace; Okeechobee, FL

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: This notice proposes to establish Class E airspace at Okeechobee, FL. A Global Positioning System (GPS) Runway (RWY) 4 Standard Instrument Approach Procedure (SIAP) has been developed for Okeechobee County Airport. As a result, controlled airspace extending upward from 700 feet Above Ground Level (AGL) is needed to accommodate the SIAP and for Instrument Flight Rules (IFR) operations at Okeechobee County Airport. The operating status of the airport will change from Visual Flight Rules (VFR) to include IFR operations concurrent with the publication of the SIAP.

DATES: Comments must be received on or before December 10, 1999.

ADDRESSES: Send comments on the proposal in triplicate to: Federal Aviation Administration, Docket No. 99-ASO-21, Manager, Airspace Branch, ASO-520, P.O. Box 20636, Atlanta, Georgia 30320.

The official docket may be examined in the Office of the Regional Counsel for Southern Region, Room 550, 1701 Columbia Avenue, College Park, Georgia 30337, telephone (404) 305-5586.