

Pursuant to 5 U.S.C. 553, it also found that good cause exists for not postponing the effective date of this action until one day after publication in the **Federal Register** because the Board's term of office begins January 1, 2012, and this rule will allow the upcoming nominations and appointments to be conducted in a timely manner for the new members to be appointed to the Board so they can begin serving during the next term of office.

List of Subjects in 7 CFR Part 1210

Administrative practice and procedure, Advertising, Consumer information, Marketing agreements, Reporting and recordkeeping requirements, Watermelon promotion.

For the reasons set forth in the preamble, Part 1210, Chapter XI of Title 7 is amended as follows:

PART 1210—WATERMELON RESEARCH AND PROMOTION PLAN

■ 1. The authority citation for 7 CFR Part 1210 continues to read as follows:

Authority: 7 U.S.C. 4901–4916 and 7 U.S.C. 7401.

Subpart C—Rules and Regulations

■ 2. Section 1210.501 is revised to read as follows:

§ 1210.501 Realignment of districts.

Pursuant to § 1210.320(c) of the Plan, the districts shall be as follows:

(a) *District 1*—The Florida counties of Brevard, Broward, Charlotte, Collier, Dade, Desoto, Glades, Hardee, Hendry, Highlands, Hillsborough, Indian River, Lake, Lee, Manatee, Martin, Monroe, Okeechobee, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, Sarasota, Seminole, St. Lucie, and Volusia.

(b) *District 2*—The Florida counties of Alachua, Baker, Bay, Bradford, Calhoun, Citrus, Clay, Columbia, Dixie, Duval, Escambia, Flagler, Franklin, Gadsden, Gilchrist, Gulf, Hamilton, Hernando, Holmes, Jackson, Jefferson, Lafayette, Leon, Levy, Liberty, Madison, Marion, Nassau, Okaloosa, Putnam, Santa Rosa, St. Johns, Sumter, Suwannee, Taylor, Union, Wakulla, Walton, and Washington, and the States of North Carolina and South Carolina.

(c) *District 3*—The State of Georgia.

(d) *District 4*—The States of Alabama, Connecticut, Delaware, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Virginia, Vermont, Wisconsin, West Virginia, and Washington, DC.

(e) *District 5*—The State of California.

(f) *District 6*—The State of Texas.

(g) *District 7*—The States of Alaska, Arkansas, Arizona, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming.

■ 3. Section 1210.502 is added to read as follows:

§ 1210.502 Importer members.

Pursuant to § 1210.320(d) of the Plan, there are eight importer representatives on the Board based on the proportionate percentage of assessments paid by importers to the Board.

Dated: July 12, 2011.

Rayne Pegg,
Administrator.

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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 1260

[No. AMS–LS–10–0086]

Beef Promotion and Research; Reapportionment

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This final rule adjusts representation on the Cattlemen's Beef Promotion and Research Board (Board), established under the Beef Promotion and Research Act of 1985 (Act), to reflect changes in cattle inventories and cattle and beef imports that have occurred since the most recent Board reapportionment rule became effective in October 2008. These adjustments are required by the Beef Promotion and Research Order (Order) and will result in a decrease in Board membership from 106 to 103, effective with the U.S. Department of Agriculture's (USDA) appointments for terms beginning early in the year 2012.

DATES: Effective July 19, 2011.

FOR FURTHER INFORMATION CONTACT:

Craig Shackelford, Marketing Programs Branch, on 202/720–1115, fax 202/720–1125, or by e-mail at craig.shackelford@ams.usda.gov.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

The Office of Management and Budget has waived the review process required

by Executive Order 12866 for this action.

Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have retroactive effect.

Section 11 of the Act provides that nothing in the Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State. There are no administrative proceedings that must be exhausted prior to any judicial challenge to the provisions of this rule.

Regulatory Flexibility Act and Paperwork Reduction Act

Pursuant to the requirements set forth in the Regulatory Flexibility Act (RFA)(5 U.S.C. 601–612), the Administrator of the Agricultural Marketing Service (AMS) has considered the economic effect of this action on small entities and has determined that this final rule will not have a significant economic impact on a substantial number of small entities. The purpose of RFA is to fit regulatory actions to the scale of businesses subject to such actions in order that small businesses will not be unduly burdened.

In the February 2010 publication of “Farms, Land in Farms, and Livestock Operations,” USDA's National Agricultural Statistics Service (NASS) estimates that in 2009 the number of operations in the United States with cattle totaled approximately 950,000. The majority of these operations that are subject to the Order may be classified as small entities.

The final rule imposes no new burden on the industry. It only adjusts representation on the Board to reflect changes in domestic cattle inventory and cattle and beef imports. The adjustments are required by the Order and will result in a decrease in Board membership from 106 to 103.

Background and Final Action

The Board was initially appointed August 4, 1986, pursuant to the provisions of the Act (7 U.S.C. 2901–2911) and the Order issued thereunder. Domestic representation on the Board is based on cattle inventory numbers, and importer representation is based on the conversion of the volume of imported cattle, beef, or beef products into live animal equivalencies.

Section 1260.141(b) of the Order provides that the Board shall be composed of cattle producers and importers appointed by the Secretary of Agriculture (Secretary) from

nominations submitted by certified producer organizations. A producer may only be nominated to represent the unit in which that producer is a resident.

Section 1260.141(c) of the Order provides that at least every 3 years and not more than every 2 years, the Board shall review the geographic distribution of cattle inventories throughout the United States and the volume of imported cattle, beef, and beef products and, if warranted, shall reapportion units and/or modify the number of Board members from units in order to reflect the geographic distribution of cattle production volume in the United States and the volume of cattle, beef, or beef products imported into the United States.

Section 1260.141(d) of the Order authorizes the Board to recommend to USDA modifications to the number of cattle per unit necessary for representation on the Board.

Section 1260.141(e)(1) provides that each geographic unit or State that includes a total cattle inventory equal to or greater than 500,000 head of cattle shall be entitled to one representative on the Board. Section 1260.141(e)(2) provides that States that do not have total cattle inventories equal to or greater than 500,000 head shall be grouped, to the extent practicable, into geographically-contiguous units, each of which have a combined total inventory of not less than 500,000 head. Such grouped units are entitled to at least one representative on the Board. Each unit that has an additional 1 million head of cattle within a unit qualifies for additional representation on the Board as provided in § 1260.141(e)(4). As provided in § 1260.141(e)(3), importers are represented by a single unit, with the number of Board members based on a conversion of the total volume of imported cattle, beef, or beef products into live animal equivalencies.

The initial Board appointed in 1986 was composed of 113 members. Reapportionment, based on a 3-year average of cattle inventory numbers and import data, reduced the Board to 111 members in 1990 and 107 members in 1993 before the Board was increased to 111 members in 1996. The Board was decreased to 110 members in 1999, 108 members in 2001, 104 members in 2005, and increased to 106 members in 2009. This final rule will decrease the number of Board members from 106 to 103 with appointments for terms effective early in 2012.

The current Board representation by States or units was based on an average of the January 1, 2005, 2006, and 2007, inventory of cattle in the various States as reported by NASS. Current importer

representation was based on a combined total average of the 2005, 2006, and 2007 live cattle imports as published by USDA's Foreign Agricultural Service and the average of the 2004, 2005, and 2006 live animal equivalents for imported beef products.

In considering reapportionment, the Board reviewed cattle inventories as well as cattle, beef, and beef product import data for the period of January 1, 2008, to January 1, 2010. The Board recommended that a 3-year average of cattle inventories and import numbers should be continued. The Board determined that an average of the January 1, 2008, 2009, and 2010, cattle inventory numbers would best reflect the number of cattle in each State or unit since publication of the last reapportionment rule published in 2008 (73 FR 60097).

The Board recommended the use of a combined total of the average of the 2008, 2009, and 2010, cattle import data and the average of the 2007, 2008, and 2009, live animal equivalents for imported beef products. The method used to calculate the total number of live animal equivalents was the same as that used in the previous reapportionment of the Board. The live animal equivalent weight was changed in 2006 from 509 pounds to 592 pounds.

The final rule decreases the number of representatives on the Board from 106 to 103. Kansas, Nebraska, Nevada, and the Southeast Region will each lose one Board seat. Montana will gain a Board seat. The importers will lose two Board seats. The Southeast Region will be expanded to include Alabama, permitting the new unit three Board members. California and Nevada will be combined to form a Southwest unit.

The States and units affected by the reapportionment plan and the current and revised member representation per unit are as follows:

State/unit	Current representation	Revised representation
Alabama	1	0
Kansas	7	6
Nebraska ..	7	6
Nevada	1	0
California ...	5	0
Southeast ..	3	¹ 3
Importers ...	9	7
Montana	2	3
Southwest Unit	N/A	² 6

¹Lost one seat but added a seat with Alabama joining the unit.

²California and Nevada.

On April 4, 2011, USDA published in the **Federal Register** (76 FR 18422) for public comment a proposed rule providing for the adjustment in Board

membership. Comments were due to USDA by May 4, 2011.

USDA received five comments concerning the proposed rule for Board reapportionment. One commenter raised a number of points regarding the Board and the beef industry as a whole that are not pertinent to the proposal and therefore are not addressed. The commenter also suggested that the membership of the Board be limited to one member per State and that importers should not have members on the Board. Section 5 of the Act and section 1260.141 of the Order contain provisions that determine the structure of the Board based on cattle inventory. Therefore, USDA has not adopted this suggestion.

One commenter suggested that Checkoff collections would be a more appropriate value to use for apportioning Board seats and that Board seats could be determined by each State's total checkoff collections, less the amount returned to other States under the existing State-of-origin rules. Section 5 of the Act and Section 1260.141 of the Order contain provisions that determine the structure of the Board based on cattle inventory. Therefore, USDA has not adopted this suggestion.

One commenter offered support for the proposed rule but also suggested that USDA go further and ensure that Board representation reflect the diversity of interests of all ranchers, representing all sizes and make-ups of operations, and include representation from a multitude of organizations at both the State and national level as well as non-affiliated ranchers. Section 5 of the Act and Section 1260.141 of the Order contain provisions that determine the structure of the Board based on cattle inventory. Therefore, USDA has not adopted this suggestion. However, the Secretary of Agriculture remains committed to ensuring that the Board reflects diversity in the size of operations, experience of members, methods of production and distribution, marketing strategies, and other distinguishing factors that will bring different perspectives and ideas to the table. This communication has been distributed to all organizations that nominate members to the Board.

Two commenters stated their preference that California and Nevada not be combined, but understood that section 1260.141 of the Order provides for the action. The commenters further suggested that the Southwest Unit be dissolved when Nevada cattle numbers increase to appropriate levels. Section 1260.141 of the Order provides that at least every 3 years and not more than

every 2 years, the Board shall review the geographic distribution of cattle inventories throughout the United States and the volume of imported cattle, beef, and beef products and, if warranted, shall reapportion units and/or modify the number of Board members from units in order to reflect the geographic distribution of cattle production volume in the United States and the volume of cattle, beef, or beef products imported into the United States. This comment is consistent with the provisions of the Order and will be considered in future proposals. The commenters also made a number of suggestions regarding the nomination of members within the proposed Southwest Unit. These suggestions are

beyond the scope of the proposed rule and are not considered in the final rule.

It is found that good cause exists to make this rule effective less than 30 days after the date of publication in the **Federal Register** because this rule should be in effect as soon as possible for the Board appointments that will be effective early in the year 2012.

List of Subjects in 7 CFR Part 1260

Administrative practice and procedure, Advertising, Agricultural research, Imports, Marketing agreement, Meat and meat products, Reporting and recordkeeping requirements.

For reasons set forth in the preamble, 7 CFR part 1260 is amended as follows:

PART 1260—BEEF PROMOTION AND RESEARCH

■ 1. The authority citation for 7 CFR part 1260 continues to read as follows:

Authority: 7 U.S.C. 2901–2911 and 7 U.S.C. 7401.

■ 2. In § 1260.141, paragraph (a) and the table immediately following it, are revised to read as follows:

§ 1260.141 Membership of Board.

(a) Beginning with the 2011 Board nominations and the associated appointments effective early in the year 2012, the United States shall be divided into 37 geographical units and, 1 unit representing importers, for a total of 38 units. The number of Board members from each unit shall be as follows:

CATTLE AND CALVES ¹

State/unit	1,000 head	Directors
1. Arizona	983	1
2. Arkansas	1,837	2
3. Colorado	2,650	3
4. Florida	1,710	2
5. Idaho	2,153	2
6. Illinois	1,200	1
7. Indiana	873	1
8. Iowa	3,933	4
9. Kansas	6,317	6
10. Kentucky	2,333	2
11. Louisiana	873	1
12. Michigan	1,080	1
13. Minnesota	2,407	2
14. Mississippi	957	1
15. Missouri	4,217	4
16. Montana	2,583	3
17. Nebraska	6,350	6
18. New Mexico	1,540	2
19. New York	1,410	1
20. North Carolina	833	1
21. North Dakota	1,763	2
22. Ohio	1,270	1
23. Oklahoma	5,417	5
24. Oregon	1,290	1
25. Pennsylvania	1,607	2
26. South Dakota	3,733	4
27. Tennessee	2,040	2
28. Texas	13,500	14
29. Utah	820	1
30. Virginia	1,530	2
31. Wisconsin	3,367	3
32. Wyoming	1,327	1
33. Northwest .....	.....	1
Alaska	15	.....
Hawaii	151	.....
Washington	1,070	.....
Total	1,236	.....
34. Northeast .....	.....	1
Connecticut	50	.....
Delaware	21	.....
Maine	88	.....
Massachusetts	44	.....
New Hampshire	38	.....
New Jersey	37	.....
Rhode Island	5	.....
Vermont	267	.....

CATTLE AND CALVES ¹—Continued

State/unit	1,000 head	Directors
Total	550	.....
35. Mid-Atlantic .....	.....	1
Maryland	192	.....
West Virginia	400	.....
Total	592	.....
36. Southeast .....	.....	3
Alabama	1,253	.....
Georgia	1,100	.....
South Carolina	385	.....
Total	2,738	.....
37. Southwest .....	.....	6
California	5,283	.....
Nevada	450	.....
Total	5,733	.....
38. Importer ²	6,887	7

¹ 2008, 2009, and 2010 average of January 1 cattle inventory data.² 2007, 2008, and 2009 average of annual import data.

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Dated: July 12, 2011.

Rayne Pegg,*Administrator, Agricultural Marketing Service.*

[FR Doc. 2011-17885 Filed 7-15-11; 8:45 am]

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FEDERAL RESERVE SYSTEM**12 CFR Parts 204, 217, and 230****Regulations D, Q, and DD****[Docket No. R-1413]****RIN 7100-AD 72****Prohibition Against Payment of Interest on Demand Deposits****AGENCY:** Board of Governors of the Federal Reserve System (Board)**ACTION:** Final rule.

SUMMARY: The Board is publishing a final rule repealing Regulation Q, Prohibition Against Payment of Interest on Demand Deposits, effective July 21, 2011. Regulation Q was promulgated to implement the statutory prohibition against payment of interest on demand deposits by institutions that are member banks of the Federal Reserve System set forth in Section 19(i) of the Federal Reserve Act (“Act”). Section 627 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) repeals Section 19(i) of the Federal Reserve Act effective July 21, 2011. The final rule implements the

Dodd-Frank Act’s repeal of Section 19(i). The final rule also repeals the Board’s published interpretation of Regulation Q and removes references to Regulation Q found in the Board’s other regulations, interpretations, and commentary.

DATES: *Effective Date:* July 21, 2011.**FOR FURTHER INFORMATION CONTACT:**

Sophia H. Allison, Senior Counsel (202/452-3565), Legal Division, or Joshua S. Louria, Financial Analyst (202/263-4885), Division of Monetary Affairs; for users of Telecommunications Device for the Deaf (TDD) only, contact (202/263-4869); Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION:**I. Prohibition Against Payment of Interest on Demand Deposits**

Section 19(i) of the Federal Reserve Act (“Act”) (12 U.S.C. 371a) generally provides that no member bank “shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand. * * *” Section 19(i) was added to the Act by Section 11 of the Banking Act of 1933 (48 Stat. 162, 181). Section 324 of the Banking Act of 1935 (49 Stat. 684, 714) amended Section 19(a) of the Act to authorize the Board, “for the purposes of this section, to define the terms ‘demand deposits’, ‘gross demand deposits,’ ‘deposits payable on demand’ [and] to determine what shall be deemed to be a payment of interest, and to prescribe such rules and regulations

as it may deem necessary to effectuate the purposes of this section and prevent evasions thereof. * * *” The Board promulgated Regulation Q on August 29, 1933 to implement Section 19(i) of the Act. Section 627 of the Dodd-Frank Act repeals Section 19(i) of the Act in its entirety, effective July 21, 2011.

II. Request for Public Comment

On April 14, 2011, the Board published in the **Federal Register** a request for comment on its proposal to repeal Regulation Q effective July 21, 2011 (76 FR 20892, Apr. 14, 2011). In its request for comment, the Board also sought comment on all aspects of the proposal, and also sought comment on four specific issues related to the proposal:

1. Does the repeal of Regulation Q have significant implications for the balance sheets and income of depository institutions? What are the anticipated effects on bank profits, on the allocation of deposit liabilities among product offerings, and on the rates offered and fees assessed on demand deposits, sweep accounts, and compensating balance arrangements?

2. Does the repeal of Regulation Q have any implications for short-term funding markets such as the overnight federal funds market and Eurodollar markets, or for institutions such as institution-only money market mutual funds that are active investors in short-term funding markets?

3. Is the repeal of Regulation Q likely to result in strong demand for interest-bearing demand deposits?