

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

7 CFR Part 1435

RIN 0560-AE94

Sugar Loan Program Crop Year Definition and Loan Availability Period

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule would redefine the crop year for the sugar loan program from the current period, July 1 through June 30, to the Federal fiscal year, October 1 through September 30. The proposed rule also would extend the loan availability period to the whole fiscal year instead of ending the availability period on June 30. The restriction that the Commodity Credit Corporation (CCC) could only make loans in July, August, and September on sugar processed from sugarcane or sugar beets that are normally harvested in those months would be removed. The proposed rule would also eliminate obsolete provisions governing the 1995 crop year price support program and producer protections and revise the information collection requirements to reflect the simplified monthly data-reporting forms and the transfer of reporting items to new annual reporting forms.

DATES: Comments on this rule must be received on or before June 2, 1997 to be assured of consideration.

FOR FURTHER INFORMATION CONTACT: Daniel Colacicco, Farm Service Agency, United States Department of Agriculture (USDA) STOP 0516, 1400 Independence Avenue, SW, Washington, DC 20250-0516, telephone 202-690-0734.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be not significant and therefore was not reviewed by OMB under Executive Order 12866.

Federal Assistance Program

The title and number of the Federal assistance program, as found in the Catalogue of Federal Domestic Assistance, to which this proposed rule applies are Commodity Loans and Purchases—10.051.

Regulatory Flexibility Act

It has been determined that the Regulatory Flexibility Act is not applicable because CCC is not required by 5 U.S.C. 553 or any other provision of law to publish a notice of proposed rulemaking with respect to the subject matter of this rule.

Environmental Evaluation

An Environmental Evaluation with respect to the proposed rule has been completed. It has been determined that this action will not have significant adverse effects on environmental factors such as wildlife habitat, water quality, air quality, land use, and appearance. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115 (June 24, 1983).

Paperwork Reduction Act

Title: 7 CFR Part 1435, Sugar Program.
OMB Number: 0560-0138.

Date of Approval Expiration: July 31, 1998.

Type of Request: Revision of previously approved information collection.

Abstract: The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) requires the Department of Agriculture to collect and publish, on a monthly basis, information as the Secretary may require to administer sugar programs, including sales of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar. The Farm Service Agency uses these data to estimate supply and use for the monthly World Agricultural Supply and Demand Estimates report; establish regional sugar loan rates; estimate the impact of alternative sugar policy options on the

sugar market; and publish the monthly Sweetener Market Data report.

Estimate of Respondent Burden: Public reporting burden for the revised collection of information is estimated to average 56 minutes per response.

Respondents: Domestic sugarcane processors, sugar beet processors, and cane sugar refiners.

Estimated Number of Respondents: 49.

Estimated Number of Responses per Respondent: 19 responses per year.

Estimated Total Annual Burden Hours on Respondents: 864 hours.

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information from those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Comments may be sent to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, OMB, Washington, D.C. 20503, and to Dan Colacicco, Economic and Policy Analysis Staff, FSA, USDA, STOP 0516, 1400 Independence Avenue, SW, Washington, DC 20250-0516, (202)690-0734.

Copies of the information collection package may be obtained from Fran Hentz, Economic Policy Analysis Staff, FSA, USDA, STOP 0516, 1400 Independence Avenue, SW, Washington, DC 20250-0516, (202)720-7794.

OMB is required to make a decision concerning the collection of information contained in these proposed regulations between 30 and 60 days after publication of this document in the **Federal Register**. Therefore, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment to the Department of Agriculture on the proposed regulation.

All responses to this notice will be summarized and included in the request

for OMB approval. All comments will also become a matter of public record.

Executive Order 12998

This proposed rule has been reviewed in accordance with Executive Order 12998. The provisions of this proposed rule preempt State laws to the extent such laws are inconsistent with the provisions of this proposed rule; are not retroactive; and are not subject to administrative appeal remedies.

Background

Paragraph 1435.1(a), which governs the price support loan program and producer protections for the 1995 crop year, is eliminated. The 1995 crop year ended on June 30, 1996, and all 1995 crop year loans were repaid to CCC before October 1, 1996.

Sugar Crop Year Definition

The current CCC regulations at § 1435.2 define the sugar crop year as "the period from July 1 through June 30, inclusive". The current July-June crop year is a carry-over from the implementation of the Agriculture and Food Act of 1981, which mandated a purchase program and a subsequent price support loan program.

Redefining the crop year to the period October 1 through September 30 would: (1) be consistent with the fiscal year, thus providing a better fit for the analysis and administration of the sugar program, (2) reduce the reporting burden placed on the industry, and (3) better reflect the beginning of the harvest, which is the basis for other commodities' crop years.

USDA already uses the fiscal year for the sugar World Agricultural Supply and Demand Estimates and baseline budget estimates. The tariff-rate import quota (TRQ) and marketing assessment rates are specified in terms of fiscal years, and the final loan maturity date is September 30, the end of the fiscal year.

Changing the crop year definition is expected to reduce the industry's reporting burden and costs because they will no longer have to provide separate crop year and fiscal year data to USDA.

The 1996 Act authorizes a sugar program through the 2002 crop year. Under the current crop year definition, the program would apply only to sugar processed through June 30, 2003. Changing the crop year definition to the fiscal year that ends on September 30 cannot change the end of loan program authority. Thus, the revised rule would reaffirm that the loan program expires on June 30, 2003.

Loan Availability Period and Supplemental Loans

Under current regulations, the loan availability period ends June 30, which is consistent with the end of the current July-June crop year and similar to the other commodities in terms of the number of months loans are available after the beginning of harvest. However, loans are made available during the July-September period on sugar from sugar beets and sugarcane "normally harvested" during the July-September period. Sugar pledged as collateral for a loan during this period may be replighted as collateral for a supplemental loan during the following fiscal year for up to 9 months minus the number of months the initial loan was in effect.

The Agricultural Act of 1949 (1949 Act), as amended by the Food, Agriculture, Conservation, Trade Act of 1990, specified that the Secretary shall make available to eligible processors price support loans with respect to sugar processed from sugar beets and sugarcane harvested in the last 3 months of a fiscal year, with supplemental loans available the following fiscal year for up to 9 months minus the length of the initial loan. However, the 1996 Act, which supersedes the 1949 Act, provides only that in the case of a loan made during the last 3 months of a fiscal year, the collateral may be replighted for a supplemental loan during the following fiscal year for up to 9 months minus the length of the initial loan. Thus, the 1996 Act eliminates the restriction that only sugar from sugar beets or sugarcane harvested in the July-September period is eligible for a loan during that period.

Extending the loan availability period through the entire fiscal year and providing supplemental loans to all sugar originally pledged for loans during the July-September period would: (1) Simplify program regulations and administration (e.g., by eliminating continuous harvest loan applications), (2) increase industry flexibility by providing loans year-round, thus increasing its ability to store sugar in anticipation of better prices, (3) be more consistent with other sugar program provisions, and (4) recognize the impact of desugaring technology.

All loans would be made at the loan rates in effect at the time the loans are made. Sugar replighted for loans during the July-September period would continue to be ineligible for supplemental loans.

List of Subjects in 7 CFR Part 1435

Loan programs—agriculture, Price-support programs, Reporting and record keeping requirements, Sugar.

Accordingly, 7 CFR part 1435 is proposed to be amended as follows:

PART 1435—SUGAR

1. The authority citation for 7 CFR part 1435 continues to read as follows:

Authority: 7 U.S.C. 7272 and 15 U.S.C. 714b and 714c.

2. Section 1435.1 is amended by removing paragraph (a) and removing the designation for paragraph (b).

3. In § 1435.2, the definition for Crop Year is revised to read as follows:

§ 1435.2 Definitions.

* * * * *

Crop year for the 1996 crop means the period from July 1, 1996 through September 30, 1997. *Crop year* for the 1997–2001 crops means the period from October 1 through September 30, inclusive, and is identified by the year in which the crop year begins. For example, the 1997 crop year begins on October 1, 1997. The 1997 crop of sugar beets, sugarcane, or sugar means domestically-produced sugar beets, domestically-produced sugarcane, or sugar processed from domestically-produced sugar beets or sugarcane during the 1997 crop year. *Crop year* for the 2002 crop means the period from October 1, 2002 through June 30, 2003. Sugar from desugaring molasses is considered to be from the crop year the desugaring took place.

* * * * *

4. In § 1435.105 paragraphs (a)(1) and (g) are revised to read as follows:

§ 1435.105 Availability, disbursement, and maturity of loans.

(a) * * *

(1) File a loan request, as CCC prescribes, no earlier than July 1 and no later than September 30 for the 1996 crop year, no earlier than October 1 and no later than September 30 for the 1997–2001 crop years, and no earlier than October 1 and no later than June 30 for the 2002 crop year, with the State committee of the State where such processor is headquartered, or with a county committee designated by the State committee;

* * * * *

(g)(1) Notwithstanding any other provision of this subpart, processors receiving loans in July, August, or September:

(i) Must settle the loan by September 30 following disbursement; and

(ii) May repledge the sugar as collateral for a supplemental loan.

(2) Such supplemental loan shall:

(i) Be requested by the processor during the following October;

(ii) Be recourse or nonrecourse depending on which type of loan is in effect according to § 1435.102;

(iii) Be made at the loan rate in effect at the time the supplemental loan is made; and

(iv) Mature in 9 months minus the number of whole months that the initial loan was in effect.

(3) No loans will be made after June 30, 2003.

Signed in Washington, DC, on March 26, 1997.

Bruce R. Weber,

Acting Executive Vice President, Commodity Credit Corporation.

[FR Doc. 97-8413 Filed 4-1-97; 8:45 am]

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FEDERAL RESERVE SYSTEM

12 CFR Part 226

[Regulation Z; Docket No. R-0954]

Truth in Lending

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Request for comments.

SUMMARY: The Economic Growth and Regulatory Paperwork Reduction Act of 1996 directs the Board and the Department of Housing and Urban Development (HUD), where possible, to simplify and improve consumer disclosures required under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) and to provide a single format satisfying the requirements of those laws. If legislation is necessary to accomplish these goals, the agencies are to submit legislative recommendations to the Congress. In December 1996, the agencies published for comment an advance notice of proposed rulemaking. After consideration of the comments and further review, the Board has determined that regulatory changes alone would be inadequate to achieve the goals of the Congress and that legislative changes are necessary to harmonize TILA and RESPA. Later this year, the Board and HUD will prepare a report to the Congress concerning potential legislative changes. The Board is publishing this notice to invite additional public comment on possible legislative action.

DATES: Comments are due June 30, 1997.

ADDRESSES: Comments should refer to Docket No. R-0954, and may be mailed to William W. Wiles, Secretary, Board of

Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Comments also may be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m. weekdays, or to the security control room at all other times. The mail room and the security control room are accessible from the courtyard entrance on 20th Street (between Constitution Avenue and C Street, NW). If accompanied by an original document in paper form, comments may be submitted on 3½ inch or 5¼ inch computer diskettes in any IBM-compatible DOS-based format. Comments received will be available for inspection and copying in Room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in 12 CFR 261.8 of the Board's Rules Regarding Availability of Information.

FOR FURTHER INFORMATION CONTACT:

Sheilah A. Goodman or Manley Williams, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667; for the hearing impaired *only*, Diane Jenkins, Telecommunications Device for the Deaf (TDD), at (202) 452-3544.

SUPPLEMENTARY INFORMATION: On September 30, 1996, the President signed into law the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Pub. L. 104-208, 110 Stat. 3009). Section 2101 of that act directs the Board and HUD to simplify and improve the disclosures given in a home mortgage transaction subject to TILA and RESPA, and to create a single disclosure that will satisfy the requirements of both statutes, if possible. If legislation is necessary to develop a single simplified disclosure, the Board and HUD are directed to submit legislative recommendations to the Congress.

The statutes impose numerous requirements and serve various purposes. TILA seeks to promote the informed use of consumer credit by requiring standardized disclosures about credit terms and costs. The disclosures are intended to focus consumers' attention on certain aspects of their transaction and to assist them in comparison shopping. TILA establishes additional disclosure requirements for home-secured loans, and in some cases permits consumers to rescind such loans. RESPA contains both disclosure and price-related provisions. It requires that certain disclosures be given at various points in most mortgage transactions to ensure that consumers receive timely and useful information

about the costs associated with the transaction. It also prohibits kickbacks and referral fees to protect consumers from unnecessarily high settlement costs.

In December, the Board and HUD jointly published for comment an advance notice of proposed rulemaking on the issue of simplifying and combining the disclosure requirements of RESPA and TILA (61 FR 69055, Dec. 31, 1996). The notice requested comment on both regulatory and statutory changes to improve the current disclosure scheme. The Board and HUD received more than 80 comment letters, primarily from creditors and their representatives.

Public comments covered a wide range of issues, and are discussed below. Nearly all of the recommendations for reconciling the two regulations would require legislative action, such as certain suggested changes to the timing of disclosures under the two statutes. Some that would not require legislative change have been addressed already; where disclosures overlap the requirements have generally been consolidated. For example, Regulation Z permits creditors to substitute the good faith estimate and the settlement statement required under RESPA for the itemization of the "amount financed" under TILA. Similarly, Regulation X permits Regulation Z's disclosures for home equity lines of credit to substitute for the RESPA disclosures. Consistency between the regulations also increased when HUD amended Regulation X to cover subordinate lien loans, and through the Board's updates to the Regulation Z official staff commentary. For example, the agencies' regulations now use similar definitions for the terms "assumption," "refinance," and "business day."

The remainder of the recommendations for harmonizing TILA and RESPA generally involve small changes that could produce minor improvements in the disclosures, but probably would not be worth the corresponding compliance costs associated with the change, such as for retraining employees and printing new forms. More fundamentally, some commenters noted the importance of addressing the disclosure scheme under the two statutes in a comprehensive fashion rather than by piecemeal revisions.

Many other commenters recommended changes solely to Regulation Z—changes that would not directly further the objective of creating a single simplified disclosure, but that could simplify compliance. For