



B-285340

May 24, 2000

The Honorable Richard G. Lugar
Chairman

The Honorable Tom Harkin
Ranking Minority Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable Larry Combest
Chairman

The Honorable Charles W. Stenholm
Ranking Minority Member
Committee on Agriculture
House of Representatives

Subject: Department of Agriculture, Commodity Credit Corporation: Farm Storage Facility Loan Program

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Agriculture, Commodity Credit Corporation (CCC), entitled "Farm Storage Facility Loan Program" (RIN: 0560-AG00). We received the rule on May 10, 2000. It was published in the Federal Register as an interim rule on May 11, 2000. 65 Fed. Reg. 30345.

The interim rule implements the Commodity Credit Corporation's Farm Storage Facility Loan program utilizing authority in the CCC Charter Act. The program will provide financing for producers to build or upgrade farm storage and handling facilities.

Enclosed is our assessment of the CCC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the CCC complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO

evaluation work relating to the subject matter of the rule is Larry Dyckman, Director, Food and Agriculture Issues. Mr. Dyckman can be reached at (202) 512-5138.

Robert P. Murphy
General Counsel

Enclosure

cc: Mr. Keith Kelly
Administrator, Farm Service Agency
Department of Agriculture

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF AGRICULTURE,
COMMODITY CREDIT CORPORATION
ENTITLED
"FARM STORAGE FACILITY LOAN PROGRAM"
(RIN: 0560-AG00)

(i) Cost-benefit analysis

CCC conducted a cost-benefit assessment of the rule and found that the 5-year total dollar amount of the loans would be \$850 million. The amounts to be loaned in years 1 to 5 are \$325 million, \$175 million, \$125 million, \$125 million, and \$100 million, respectively.

Non-administrative outlays and actual costs to the government due to potential defaults are estimated at 2.85 percent of the dollar amount of the loans. This results in a \$24 million outlay for the loans disbursed over the first 5 years. Administrative outlays associated with the program are projected to total about \$14.5 million over the same period.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

Since the rule was not published as a proposed rule, it is not subject to the requirements of the Act.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The interim rule does not contain any federal mandates under title II of the Act for any state, local, or tribal governments or the private sector.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

It has been determined by the CCC that it would be impracticable and contrary to the public interest to delay the issuance of the rule through publication of a proposed rule and receipt of comments. 5 U.S.C. 553(b)(3)(B). This determination is based on the current shortage of storage facilities and the need for producers to have the assistance provided by the rule for the current crop year.

Also, because of the above determination, CCC has invoked the exception at 5 U.S.C. 808 to the 60-day delay in the effective date of a major rule under the Congressional Review Act to make the rule effective on May 11, 2000.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The interim rule contains an information collection that is subject to review by the Office of Management and Budget under the Paperwork Reduction Act. CCC has requested approval of the collection on an emergency basis.

The preamble to the interim rule contains the information required by the Act and CCC has estimated the annual burden of the collection to be 47,250 hours.

Statutory authorization for the rule

The interim rule is issued under the authority of section 4(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)).

Executive Order No. 12866

The interim rule was determined to be an “economically significant” regulatory action and was reviewed and approved by the Office of Management and Budget as complying with the requirements of the Order.

Executive Order No. 13132 (Federalism)

CCC has determined that the rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.