on all producers, except those persons engaged in the growing of less than five acres of watermelons, and handlers of watermelons. The Plan specifies that handlers are responsible for collecting and submitting both the producer and handler assessments to the Board, reporting their handling of watermelons, and maintaining records necessary to verify their reporting.

U.S. production of watermelons is estimated through the use of U.S. shipment statistics. Shipments of U.S.produced watermelons totaled about 1,895.6 million pounds in 1993, 7 percent less than in 1992. Imports of watermelons in 1993 totalled 343.5 million pounds, an increase of 12 percent. Therefore, domestic production is about six times as great as the volume of imports.

A referendum was conducted in 1989 to determine if majority of watermelon growers and handlers favored the passage of an industry funded research and promotion program for watermelons. The Plan was intended to collect assessments for research and promotion of watermelons. At that time, any individual not favoring the program could request a refund of the assessments paid by that individual. Procedures to request a refund of assessments were explained in the Plan.

A proposed rule was published in the Federal Register on April 14, 1994 [59 FR 17739]. That rule contained the proposed amendments to the Plan, rules and regulations, rules of practice for petitions, and referendum procedures. In order to have the referendum procedures in place for the referendum, the Department decided to separately make final the referendum procedures. A final rule was published in the Federal Register on August 30, 1994 [59 FR 44613] containing the referendum procedures. A proposed rule containing the proposed amendments to the Plan, rules and regulations, rules of practice for petitions, and ordering that a referendum be conducted was published separately on August 30, 1994 [59 FR 44646].

The deadline for comments on the proposed amendments published on April 14 was May 16, 1994. Twenty-one comments were received. The comments were addressed in the rules published on August 30, 1994.

A referendum was conducted in November 1994 among watermelon producers, handlers, and importers to determine whether they favor: (1) eliminating the provisions for assessment refunds and (2) implementing assessments on imported watermelons and adding importer member(s) to the Board. The voting period was from November 1 through November 30, 1994. Ballots were mailed to all known eligible watermelon producers, handlers, and importers on October 14, 1994.

Sonia N. Jimenez and Martha B. Ransom were designated as the referendum agents of the Secretary of Agriculture to conduct this referendum. The Procedure for the Conduct of Referenda in Connection with the Watermelon Research and Promotion Plan were used to conduct the referendum.

The results of the referendum indicate that 61 percent of those who voted in the referendum favor elimination of refunds of assessments under the program and that 81 percent of those who voted in the referendum favor assessing watermelon imports and adding watermelon importers to the Board.

A simple majority of votes was required to approve each of the two changes.

The amendments to the Act authorize an assessment on watermelons imported into the United States and the addition of importer members to the Board. Watermelon imports enter the country primarily during the winter season. Imports of watermelons in 1993 totalled 343.5 million pounds. The assessment rate for imports will be the combined total assessment rate paid by producers and handlers of domestic watermelons. The current assessment rate for producers is 2 cents per hundredweight and for handlers is 2 cents per hundredweight. The combined assessment rate for importers, therefore, will be 4 cents per hundredweight. Assessments will be paid at the time the watermelons enter the country. The collection of assessments on imported watermelons will be expected to generate an additional \$137,400 per year in revenue to the Board. In order to make these changes, this rule amends sections 1210.305, 1210.320, 1210.321, 1210.328, 1210.341, 1210.350, 1210.351, 1210.352, 1210.363, and 1210.364 of the Plan; sections 1210.402 and 1210.405 of the nomination procedures; and sections 1210.515, 1210.518, 1210.519, 1210.521, 1210.530, 1210.531, and 1210.532 of the rules and regulations. In addition, a new section 1210.314 will be added to the Plan.

To facilitate the collection of assessments on imported watermelons, the Secretary proposes that the Customs Service of the Department of the Treasury be designated as the collecting agency for assessments levied on such imports. Other commodity research and promotion programs utilize the Customs Service as a means of collecting assessments on imported products, and the Customs Service is agreeable to collecting these watermelon assessments. An agreement between the USDA and the Customs Service will be entered into to implement this action. In order to make this change, this rule would amend section 1210.518 of the Rules and Regulations.

The importer representation on the Board will be proportionate to the percentage of assessments paid by importers to the Board, except that at least one representative of importers will serve on the Board if importers are subject to the Plan. This representation will enable importers to participate in developing the Board's programs, plans, and projects, and express their views and concerns on how Board funds are used if imports are assessed under the Plan. Importers will nominate individuals to serve as importer members on the Board, and as required for other members of the Board, two nominees would be submitted to the Secretary for each vacancy. The Act requires the number of importers members to be proportionate to the assessments paid by importers. It is necessary to calculate the number of initial importer members on the volume of imports because imports are not currently being assessed. There are currently 14 producers and 14 handlers on the Board. This is the equivalent of one domestic industry member for every 67.7 million pounds of domestic production. Based on the average annual volume of imports during the last 3-year period (323.1 hundredweight), four importers would be added to the current Board. In order to make this change, this rule would amend sections 1210.320, 1210.321, and 1210.401.

The Act provides for the elimination of refunds of assessments after passed in the referendum. The refund provision has been in effect since the beginning of the program. Refunds have been increasing every year from 9 percent in 1990 to almost 29 percent in 1993. The elimination of the refund provision from the Plan is estimated to provide the Board with additional \$250,000 per year for research and promotion activities. In order to make this change, this rule amends sections 1210.343 and 1210.520.

The Act increases the acreage for exempt producers from "less than 5 acres" to "less than 10 acres" of watermelons. Importers of less than 150,000 pounds of watermelons per year will be entitled to apply for a refund which will be the producer equivalent of the import assessments. The 150,000-