

suspend any and all activities funded by assessments collected pursuant to the Act and Order upon receipt of such a request from the Secretary." The Department believes that the Board would have the authority to certify a "QSSB" in each State. Furthermore, the Department believes that the Board should have the latitude to establish requirements, subject to Departmental approval, to ensure that funds expended by "QSSB's" are spent in accordance with the Act and the Order. The Act defines a "QSSB", as a sheep and wool promotion entity that is authorized by State statute or organized and operating within a State, receives voluntary contributions or dues and conducts promotion, research, or consumer information programs with respect to sheep or wool, or both, and is recognized by the Board as the sheep and wool promotion entity within the State; except that not more than one QSSB shall exist in any State at any one time. Therefore, we believe that the definition in the proposed Order should mirror that found in the Act. Accordingly, we have not adopted these suggestions.

#### *Section 1280.127 Raw Wool*

Six commenters suggested that the definition of "raw wool" should be expanded to include wooltop, noils of wool and wool waste so that the definition is both clear and consistent with the North American Free Trade Agreement "Yarn Forward" rule of origin for wool and other textile imports. The Department has reviewed the definition of "raw wool," and believes that Congress intended to assess processed sheep and sheep products but not raw wool. The Act defines "raw wool" as greasy wool, pulled wool, degreased wool, or carbonized wool. Furthermore, the Department finds that wooltop, noils of wool, and wool waste result from the processing of raw wool as defined in the Act and we believe that Congress intended that all processed products would be subject to the assessment. Therefore, to expand the definition would not be consistent with the intent of the Act. We have determined that the definition in the proposed Order mirrors that found in the Act. Accordingly, we have not adopted this suggestion.

National Sheep Promotion, Research, and Information Board

#### *Section 1280.201 Establishment and Membership of the Board*

Eighteen commenters opposed one or more aspects of the "Establishment and Membership of the Board" portion of

the proposed Order. In general, the commenters felt that (1) the Board was too large and cumbersome for the sheep industry, (2) the Board should realign its membership on a 3-year basis based on actual collections from each industry segment, (3) the Board should include a packer/breaker/retailer member because including representatives of all or some of these entities would enhance communication and lead to greater promotional efficiency and cooperation, (4) the Board is not fairly representative of producer, feeder and importer groups based on total assessment contributions, and (5) a certain number of seats on the Board should be held by each member category—sheep producers, sheep feeders and importers of sheep and sheep products—based on total assessments collected from these groups.

The Act provides for the establishment and membership of the Board, including the number of members from each industry segment to be represented on the Board. The Act does not authorize the Board's membership to (1) be adjusted on a 3-year basis, (2) include a packer/breaker/retailer seat or (3) be based on total contributions from each industry segment. Accordingly, we have not adopted any of these suggestions.

One commenter suggested amending § 1280.201 to include the following subsection: "(e) in accordance with regulations approved by the Secretary, at least every 3 years and not more than every 2 years, the Board shall review the relative investments made by producers, feeders, and importers through payment of assessments and, if warranted, shall reapportion representation on the Board in order to best reflect the current state of the sheep and sheep products industry and ensure equitable representation in relation to respective groups total assessments." The Act authorizes the establishment of a 120-member Board comprised of 85 producers, 10 feeders and 25 importers. The Act does not authorize reapportionment of the Board for any reason. Accordingly, we have not adopted this suggestion. The same commenter also suggested amending § 1280.201 to include a subsection "(f)" to read: "(f) a quorum of the Board shall consist of the producer representatives, importer representatives and feeder representatives or their respective alternates and a majority vote of representatives at a meeting in which a quorum is present shall constitute an act on the Board." The Department has determined that the Board should have the latitude to determine what constitutes a quorum of the Board in

developing its operating principles and procedures. Accordingly, this suggestion is not adopted.

One commenter suggested that the Board be selected in a manner similar to that used by the Consolidated Farm Service Agency for county and State committee elections. The Act requires that the Secretary appoint the Board from nominations submitted by certified organizations. Accordingly, we have not adopted this suggestion.

Forty-two commenters indicated that they did not oppose proposal II, which proposed that 6 of the 25 importer members would represent importers of sheep meat, that 1 member of the Executive Committee be an importer of sheep meat, and that organizations representing importers of sheep or sheep products may make nominations for representation for the importer unit. Two commenters opposed Proposal II because allocating six seats for meat importers would give meat importers a greater number of seats than they would have if representation were based on contributions to the annual revenue. Additionally, commenters suggested that § 1280.201(c) of the proposed Order be amended to read as follows: "The importer positions shall be allocated proportionally to importers of wool products, sheep meat, sheep, and sheep products according to the relative contributions to checkoff revenues." The Act does not provide for a specified number of seats on the Board or the Executive Committee for each importer segment; i.e., sheep meat and wool. However, the Department has determined that the Secretary should have the latitude to appoint representatives to the Board in a manner that best reflects the interests of the various importer segments. Accordingly, we have not adopted these suggestions.

One commenter perceived that the proposed Order lacks any minimum qualifications for entities seeking recognition as Qualified State Sheep Boards and suggested that the Department compare § 1280.207 and § 1280.126. Additionally, the commenter indicated that the proposed Order appears to establish such standards for those organizations certified to nominate candidates for the Board, but not for those who handle the assessments collected under the program. The Department has reviewed these sections and determined that both are consistent with the intent of the Act. Thus, we have made no changes to this section in this proposed rule.

#### *Section 1280.202 Nominations*

Two commenters suggested that the industry representatives nominated to