we have not adopted this suggestion. The same commenter suggested that "as adjusted pursuant to § 1280.229," be added at the end of the first sentence under § 1280.228 (c) and (d) in the proposed Order. The provisions of § 1280.229, as previously discussed relate to the distribution of collected assessments to QSSBs and are not applicable to the assessment rate provisions for imported sheep and sheep products set forth in § 1280.228. Thus, we have not adopted this suggestion.

One commenter suggested that the phrase "and importer representatives" be inserted after "domestic sheep industry" under § 1280.228(c). The language in the proposed Order mirrors that found in the Act. Accordingly, we have not adopted this suggestion.

One commenter suggested that the Order require a specific finding that a proposed increase in the assessment rate does not violate the U.S. GATT obligations, preferably in consultation with the U.S. Trade Representative (USTR). The Secretary is already directed to consult with USTR pursuant to 7 U.S.C. 2278. Accordingly, this suggestion is not adopted.

Several commenters suggested that raw wool should not be exempt from the assessment collection provisions of the Act because the exemption of raw wool would create "free rides" because certain importers of raw wool would benefit from the program without actually paying an assessment on raw wool. The Act exempts imported raw wool from assessments. Accordingly, we have not adopted this suggestion.

Two commenters requested an explanation of how the equivalent in wool and wool products is to be calculated—specifically for wooltop, noils of wool, and wool wastes and generally for wool products that have been further processed. The Department has published in the Federal Register (60 FR 51737) proposed rules and regulations concerning the method of calculation to be used in determining the assessment amount for live sheep, sheep meat, and wool and wool products.

One commenter noted that § 1280.228(d) in the proposed Order substituted the word "clean" for "degreased." The Department did substitute the word and believes that the language in the proposed Order should mirror the language in the Act. Thus, the word "clean" is replaced with "degreased" in § 1280.228(d) in this proposed Order.

One commenter suggested that "equal protection" problems could arise because of the exemption of raw wool,

inadequate representation of lamb feeders, and inclusion of importers. The Act specifically exempts raw wool and sets forth the composition of the Board.

Several commenters suggested that processors of wool and wool products be allowed to retain 5 to 10 percent of the total amount of assessments collected to cover additional administrative costs associated with collecting and remitting assessments. The Act does not permit collecting persons to retain a portion of the assessments collected to offset administrative costs. Accordingly, we have not adopted this suggestion.

Section 1280.229 Qualified State Sheep Boards

One commenter suggested that the Qualified State Sheep Boards (QSSBs), the Board and those who contract with the QSSBs and the Board should separately account for checkoff funds. The commenter also suggested that each QSSB should (1) be required to give a written plan showing how it plans to protect against improper uses of assessments; (2) certify each year that it has not used assessments for forbidden purposes; and (3) permit the Secretary and the Board the opportunity to audit QSSBs and groups that contract with the Board and QSSBs. Section 1280.229(c) in the proposed Order provides that the Board would establish procedures with the approval of the Secretary to account for funds expended by the QSSBs. Additionally, § 1280.213, Books and Records of the Board, provides that (1) the Secretary may inspect and audit books and records of the Board; (2) the Board must prepare and submit from time-to-time such reports as prescribed by the Secretary; and (3) the Board's books are to be audited by an independent auditor at the end of each fiscal year, and auditor's report submitted to the Secretary. Additionally, the Department believes the Act intends that the Board, the QSSBs and any organizations receiving funds to conduct program activities would be accountable for all funds received, and would be required to expend those funds in accordance with the Act and the Order. Therefore, although the Department agrees that accountability for funds is important, we have not made changes in this proposed Order as a result of these suggestions because the proposed Order already provides for such accountability. The Department believes that the Board would develop operating procedures and guidelines to ensure that any funds collected under the authority of this subpart would be

accounted for as authorized under the

Act. Accordingly, we have not adopted this suggestion.

Two commenters suggested that importers receive a credit similar to the 20 percent share of funding returned to State QSSBs, contending that State funding defeats the basic purpose of the law which is to promote sheep products nationwide. The Act does not authorize the Board to distribute to importers a portion of the annual assessments similar to that distributed to QSSBs. Thus, we have not adopted this suggestion.

Section 1280.230 Collection

One commenter suggested that § 1280.230(b), Late Payment Charges, in the proposed Order should include a provision stating that any collector shall have the right to submit a written petition to the Board to have these charges waived or adjusted under this subpart. The commenter indicated the provisions should also state: "The Board shall consider such petitions and is empowered to waive or reduce penalties upon a two-thirds majority vote. Although, the Department believes that the Board should have the flexibility to establish collection procedures consistent with the Act's intent and Order provisions, we have not adopted this suggestion concerning late payments.

Another commenter suggested that the 2-percent per month late payment charge is usurious and should be pegged to the 30-year Treasury bill. The 2-percent late payment charge is designed to encourage people to remit assessments on a timely basis. The Department does not believe that reducing the late payment charge would further the purposes of the Act. Accordingly, we have not adopted this suggestion.

Fifty-three commenters supported § 1280.230(d) in the proposed Order which provides that the Secretary is authorized to receive assessments if the Board is not in place by the date the first assessments are to be collected. We have adopted this section as proposed.

Section 1280.231 Prohibitions on Use of Funds

Fifty-six commenters opposed and two supported the language of § 1280.231(d) in the proposed Order, which provides that no plans or projects shall be undertaken to promote or advertise any sheep or sheep products by brand or trade name without the approval of the Board and the concurrence of the Secretary. The commenters opposed the language because Board approval and Secretary concurrence is already authorized under