

## **SUPPORTING STATEMENT**

### **Trade Adjustment Assistance for Farmers**

#### **1. Circumstances that make the collection of information necessary.**

The Trade Act of 2002 (HR 3009) (PL 107-210), signed into law on August 6, 2002, amended the Trade Act of 1974 (19 USC 2551 et. seq.) to add chapter 6, which established a trade adjustment assistance program (TAA) for farmers (attached). The primary objective of the program is to provide technical assistance and cash benefits to eligible producers of raw agricultural commodities in cases where increased imports of a like or directly competitive product have contributed importantly to a decline in domestic prices over five preceding marketing years by more than 20 percent. Section 298 of chapter 6 authorizes an appropriation of not more than \$90 million for each fiscal year from 2003 through 2007 to carry out the purposes of this program. A final rule implementing the TAA program was published on August 20, 2003 (60 FR 50048). To ensure compliance with the provisions of chapter 6, an information collection is required in a petition for certification of eligibility for TAA, and an information collection is required in an application filed by an individual producer for TAA benefits.

#### **2. Purpose and actual use of an information collection.**

In order to administer the TAA program, the final rule, 7 CFR Part 1580, established procedures and requirements to permit producers to petition and apply for program benefits. The information collection provides essential data and economic information for use by the Foreign Agricultural Service (FAS), Farm Service Agency (FSA), Economic Research Service (ERS), Cooperative State Research, Education, and Extension Service (CSREES), and other agencies within the Department in preparing recommendations for the Secretary to assist in fulfilling statutory obligation of chapter 6 to provide trade adjustment assistance to eligible producers in an effective and timely manner.

The forms are attached and summarized below:

##### Form FAS-930 - Petition for Certification and Eligibility for a Group of Producers

Section 292 of chapter 6 requires that a group of agricultural commodity producers, or their duly authorized representative, submit a petition for certification of eligibility to apply for TAA. The final rule solicits data that is essential for the Secretary in order to make a determination on whether the eligibility criteria has been met and a certification of eligibility can be issued for a group of producers. The information collection requires that a petition contain: standard business information; a description of the raw agricultural product to be covered by a certification; whether the certification is to cover national production of a commodity or production in an impacted geographic area (e.g., state or states); the beginning and ending month of the most recent marketing year for a commodity being petitioned; the current average market price for that commodity and the average market price for the five preceding marketing years; the U.S. Harmonized Tariff Schedule (HTS) number under which imports of a like or directly competing commodity enter the United States; and a statement explaining why a petitioner believes that increased imports of a like or directly competitive agricultural commodity are affecting domestic prices and incomes.

The petition may be mailed to: Import Policies and Programs Division/FAS, 1400 Independence Avenue, SW, Stop 1021, Washington, D.C. 20250-1021, faxed to (202) 720-0876, or e-mailed to [trade.adjustment@fas.usda.gov](mailto:trade.adjustment@fas.usda.gov).

Form FSA-229 - Application for Trade Adjustment Assistance (TAA) for Individual Producers

Within 90 days after the Secretary has issued a certification of eligibility for TAA for a group of producers or fishermen, a producer or fisherman whose commodity is covered by a certificate of eligibility may submit an application for payment of a TAA adjustment allowance. Applicants submit the original of the completed form in hard copy or facsimile to the appropriate USDA servicing office. To submit this form by facsimile an applicant must have submitted an original signature on FSA-237, Facsimile Signature Authorization and Certification, except for Alaska residents. Customers who have established electronic access to credentials with USDA may electronically transmit this form to the USDA servicing office, provided that (1) the customer submitting the form is the only person required to sign the transaction, or (2) the customer has an approved Power of Attorney (Form FSA-211) on file with USDA to sign for other customers for the program and type of transaction represented by this form. The information collection conforms to the requirements of section 296 of chapter 6 regarding criteria that must be met by an agricultural commodity producer or fishermen adversely affected by increased imports to qualify for an adjustment allowance. The application form requires submission of standard business information and production information. In addition, the application form requires that a producer or fishermen certify that the statutory criteria have been met with respect to -- (A) other cash benefits received under the Trade Act of 2002, (B) net farm or fishing income, (C) average adjusted gross income, and (D) technical training by USDA's CSREES. An applicant must also certify that he/she understands that payments may be reduced if counter-cyclical payments are received, that TAA payments are limited to \$10,000 per year, and that a signed certification authorizes FSA to have access to records for purposes of verifying the information in a certification. The information collection conforms to the requirements of section 296 of chapter 6 regarding criteria that must be met by an agricultural commodity producer or fishermen adversely affected by increased imports to qualify for an adjustment allowance. The application form requires supporting documentation. Specifically, documentation must be provided to show (1) evidence that required CSREES technical assistance was received; (2) that adjusted gross income for the 3 preceding tax years does not exceed \$2.5 million; and (3) that net farm income declined for the appropriate program year. CSREES will provide each applicant a certificate of training. The documentation regarding income requirements may be either documents from a certified public accountant or attorney, or appropriate tax documents. A Part D – Share of Commodity Production Provided to Employees by Cash Payment is being added to the already approved FSA 229 form. Part D will be used to identify crew members that are eligible for share of the catch marketed by the master of the vessel, owner or captain. This information collection will ensure that crew members eligible for trade adjustment assistance receive the appropriated compensation.

Under Development Electronic Submission

FAS is committed to compliance with the Government Paperwork Elimination Act (GPEA), which requires Government agencies, in general, to provide the public the option of submitting information or transacting business electronically to maximum extent possible. Electronic submission of the information collection will be implemented before December 2006 in compliance with the GPEA. The Department will request OMB approval of forms that are being developed for electronic submission of the information collection.

**3. Use of automated, electronic, mechanical or other technological collection techniques and consideration of such techniques.**

The forms for a petition and an application are available on the Department's website for the FAS and the Farm Service Agency (FSA).

**4. Efforts to identify duplication.**

The request for information under this regulation does not duplicate any other Departmental requirements.

**5. Impact on small businesses.**

The information collection does not adversely impact small farm operations. The minimal regulatory requirements impact large and small businesses equally, and the program's benefits should improve cash flow and liquidity for farmers participating in the program.

**6. Consequences if the information collection is not conducted.**

The information collection is necessary to determine eligibility to obtain benefits under the new program providing trade adjustment assistance for farmers and to ascertain the amount of payment an adversely affected producer is entitled to receive. There is a 40-day deadline by which the Secretary must determine whether a petitioning group meets the statutory requirements to be issued a certification of eligibility for trade adjustment assistance. The supporting data regarding the details of the market situation and conditions of competition for many raw agricultural products, particularly horticultural and specialty crops may not be readily available from official Departmental data sources.

Without the information collections, the Department would have an extremely short period of time in which to: (1) identify/classify the domestic products, or class of produce, being petitioned for coverage under a certification (for purposes of data collection and analysis), and the "like or directly competitive" product imports that are adversely affecting U.S. producers; (2) compile the necessary data; (3) analyze the effects of imports on domestic producers (nationally or geographically) and average market prices; and (4) determine whether eligibility for trade adjustment assistance is warranted in terms of the criteria set forth in the section 292 of chapter 6. If the collection of information were not conducted, analysts within the Department might not have sufficient information on which to justify a recommendation to the Secretary for

certification that might be warranted. In addition, the information collection in an application for trade adjustment assistance payments request production, and income data of an individual producer. The Department may not otherwise have access to certain information, such as net farm income or adjusted gross income.

**7. Special circumstances requiring -- reporting more than quarterly; response to a collection in less than 30 days; submission of more than an original and two copies of documents; record keeping for more than three years, additional statistical surveys and classifications; submission of proprietary information.**

There are no special circumstances.

**8. Federal Register notice required by 5 CFR 1320.8(d) and efforts to consult with persons outside the agency regarding the information collection.**

A Federal Register notice requesting comments to extend and revise the currently approved information collection procedures for TAA was published on March 17, 2006, pages 13808-13809. No comments were received. Copy of Notice is attached.

**9. Payments or gifts to respondents.**

No payments or gifts were offered.

**10. Assurance of confidentiality for respondents.**

The information requested under the regulation is not of a confidential nature except for the requirement in a producer's application for a trade adjustment assistance payment that requires information on a producer's net farm income and gross income. Information submitted on income will not be disclosed outside the Department and will be handled in the same manner as business confidential information.

**11. Justification for questions of a sensitive nature.**

The information requested under the regulation is not of a sensitive nature.

**12. Estimate of the hour burden of the information collection.**

Respondents to the information collection include producers of raw agricultural commodities or their duly authorized representatives. As indicated in Table 1 below, the estimated number of respondents is 1,000 and the estimated aggregate annual reporting burden is 14,000 hours. The estimated total annual dollar cost of the reporting burden of 14,000 hours is \$420,000 (based on a standard bookkeeping rate of \$30 per hour). We adjusted our estimates from 7,000 to 14,000 hours based on our first three years of program experience. The application require business information regarding standard farm operations and their associated data on production, prices, income, technical assistance, and an assessment of the effects of imports on an applicant's livelihood. The estimate for the annual reporting burden is also based on our experience with other similar requirements for information collections from the agricultural sector.

**Table 1: Estimated Annual Reporting Burden for Respondents**

Estimates	Petition for certification of trade adjustment assistance	Application for trade adjustment assistance	Total
Number of respondents	25	975	1,000
Response per respondent	1	1	
Hours per response	6	8	14
Total burden in hours			14,000

**13. Estimate of dollars spent for capital start up costs.**

There are no capital start up costs.

**14. Estimate of dollar cost to the Federal Government.**

The estimated dollar cost to the Federal Government to establish a trade adjustment assistance program and implement the requirements of the statute is estimated at \$2.4 million. The annual administrative, maintenance, and compliance cost of continuing the program is estimated at \$1 to \$2 million annually. The costs are summarized in Table 2.

Table 2: Estimated dollar Costs to the Federal Government

ACTIVITY	DOLLAR COST (\$1,000)
Administrative/analytical costs to establish procedures to evaluate petitions and prepare advice for the Secretary in order to meet the 40-day deadline for a certification determination	185
Technical costs to develop procedures required by statute to notify agricultural commodity producers of benefit allowances, training, and services	115
Cost to develop educational material on program benefits	300
Cost to develop technical expertise to advice petitioner on alternative crops	5
Cost to a review process and system to process application for cash benefits	555
Cost to develop a system to crosscheck other USDA entitlement programs	1,200
TOTAL COST	2,360

**15. Reasons for program changes or adjustments in item 13/14 of OMB form 83-1.**

There were more respondents than initially anticipated during fiscal years 2004 through 2005. Based on program adjustments and approved petitions, we estimate that 1,000 applications will be accepted per year. Our revised estimates are based on FAS and FSA's standard business practices for evaluating petition and application.

**16. Plans for tabulation and publication of the information collection.**

There are no plans for tabulation and publication.

**17. Reasons for seeking approval not to display the expiration date.**

There is no request.

**18. Explain exceptions to the certification statement in item 19 on OMB form 83-1.**

There are no exceptions.

## Attachments

*Federal Register Notice* dated March 17, 2006 “Notice and request for comments”

FORM FAS 930: Petition for certification and eligibility for a group of producers

FORM FAS 930: Spanish version

FORM FSA 229: Application for TAA for individual producers