privilege or power in any person or organization, except the operator, nor shall any person or organization be or become entitled to join the United States as a co-defendent in any action against the operator brought to determine the operator's liability or for any other purpose; *Provided, however,* That as to any risk borne or assumed by the United States through the undertaking set above, the United States shall be and hereby is subrogated by the operator to any claim, demand or cause of action against third persons or organizations which exists or may arise in favor of the operator, and the operator shall, if so required, forthwith execute a formal assignment or transfer of such claim, demand or cause of action.

(6) This undertaking of the United States shall not apply against any loss or expense resulting from enemy attack upon the United States.

7. *Covenant against assignment or sublease of terminals.* The operator shall not assign or sublet the terminals or any portion therof nor grant any license with respect thereto, except in the ordinary course of terminal operations and subject to the approval of the NSA.

8. *Custom of the port.* No rule or custom of the port in conflict with any provision or term of this agreement will be binding upon the United States, unless the operator is legally obligated to comply with the same pursuant to the laws of the United States or laws of any State thereof or pursuant to the terms, provisions, covenants and conditions of any lease covering the terminals and entered into between the operator and its lessor or licensor thereof.

9. *Extra work.* The United States will neither compensate nor make any payments to the operator for any extra work in connection with the operation of terminals which it may render in addition to the work specifically required by this agreement, except as provided in paragraph 3(e) of part II hereof.

10. *Status of employees.* All employees of the operator or of any other person or organization employed in performance of the work shall at all times be the employees of the operator or of such other person or organization, as the case may be, and are not employees of the United States.

11. *Delegation of authority.* Wherever and whenever any right, power or authority herein is granted or given to the United States, such right, power or authority may be exercised by the NSA or such agent or agents as the United States may appoint, and the act or acts of such agent or agents when taken shall constitute the act of the United States hereunder. In performing the work, the operator may rely upon the instructions and directions of the Director, NSA, his officers and responsible employees, or any person or agency authorized by him. Whenever practicable, instructions and directions to the operator shall be in writing and oral instructions or directions given shall be confirmed promptly in writing. No Director's orders or regulations shall have retroactive effect without the written consent of the General Counsel, Maritime Administration.

12. *Warranty against contingent fees.* The operator warrants that it has not employed any person to solicit or secure this agreement upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty shall give the United States the right to annul this agreement or in its discretion to deduct from any amount payable hereunder the amount of such commission, percentage, brokerage, or contingent fee.

13. *Equal opportunity.* During the performance of this agreement, the operator agrees as follows:

(a) The operator will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age or national origin. The contractor will take affirmative action to insure that all action related to employment is taken without regard to race, color, religion, sex, age or national origin. Such action shall include, but not be limited to, employment, promotion, layoff or termination, direct or indirect compensation and selection for training, except where such provisions are governed by State civil service commissions or comparable government agencies. The contractor agrees to post in conspicuous places, available to employees and applicants, notices to be provided by the NSA setting forth the provisions of this nondiscrimination clause.

(b) The operator will, in all solicitations or advertisements for employees placed by or on behalf of the operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age, or national origin.

(c) The operator will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the NSA, advising the labor union or worker's representative of the operator's commitments under section 202 of Executive Order No. 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The operator will compy with all provisions of Executive Order No. 11246, as amended, and by the rules, regulations and orders of the Secretary of Labor.

(e) The operator will furnish all information and reports required by Executive Order No. 11246, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the NSA and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the operator's noncompliance with the nondiscrimination clauses of this agreement or with any of such rules, regulations or orders, this agreement may be cancelled, terminated or suspended in whole or in part, and the operator may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246, as amended, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(g) The operator will include the provisions of this paragraph in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246, as amended, so that such provisions will be binding upon each subcontractor or vendor. The operator will take such action with respect to any subcontract or purchase order as the NSA may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however,* That in the event the operator becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the NSA, the operator may request the United States to enter into such litigation to protect the interests of the United States.

14. *Officials not to benefit.* No persons elected or appointed as members of or delegates to Congress, themselves or by any other persons in trust for them, or for their use or account shall hold or enjoy this agreement in whole or in part, except as provided in Section 433, Title 18, United States Code. The operator shall not employ any member of Congress, either with or without compensation, as an attorney, agent, officer or director.

15. *Right of Controller General to examine books and records.* The Controller General of the United States or any of his duly authorized representatives shall have access to and the right to examine any pertinent books, documents, papers and records of the operator or any of its subcontractors engaged in the performance of the work under this agreement.

16. *Renegotiation.* This agreement shall be deemed to contain all the provisions required by section 104 of the Renegotiation Act of 1951. The operator shall, in compliance with said section 104, insert the provisions of this paragraph in each subcontract and purchase order made or issued in carrying out this agreement.

17. *Headnotes.* The use of headnotes at the beginning of the articles of this agreement is for the purpose of description only and shall not be construed as limiting or in any other manner affecting the substance of the articles themselves.

SCHEDULE A—TERMINAL OPERATING CONTRACT

Description of Terminal(s) and the agreed minimum dollars per month for each.

AUTHORITY: The Defense Production Act of 1950, as amended (50 app. U.S.C. 2061 et seq.); the Federal Civil Defense Act of 1950 as amended (50 app. U.S.C. 2251 et. seq.); Reorganization Plan No. 1 of 1958 (72 Stat. 1799) and No. 1 of 1973 (87 Stat. 1089); E. O. 11490 (34 FR 17567, CFR 1966-1970 Comp., p. 820) and E. O. 11921 (41 FR 2494, 3 CFR 1976 Comp.); and Department of Commerce Organization Order 10-8 (38 FR 19707 July 23, 1973).

Dated: February 2, 1978.

By order of the Assistant Secretary for Maritime Affairs.

JAMES S. DAWSON, Jr.,
Secretary,
Maritime Administration.

[FR Doc. 4651 Filed 2-12-79; 8:45 am]

[6560-01-M]

Title 40—Protection of Environment

CHAPTER I—ENVIRONMENTAL PROTECTION AGENCY

SUBCHAPTER N—EFFLUENT GUIDELINES AND STANDARDS

[FRL 1042-2]

PART 418—FERTILIZER MANUFACTURING POINT SOURCE CATEGORY

Revocation of Regulations

AGENCY: Environmental Protection Agency ("EPA").

ACTION: Revocation of regulations.

SUMMARY: The United States Environmental Protection Agency today is revoking regulations under the Clean Water Act which establish pH parameters for fertilizer manufacturing plants producing urea and ammonium nitrate. This agency action is based upon a request for reconsideration of the pH regulations submitted by some affected companies. Based upon a preliminary evaluation of the request EPA has concluded that these pH regulations should be withdrawn until the industry petition can be fully evaluated.

EFFECTIVE DATE: February 13, 1979.

FOR FURTHER INFORMATION CONTACT:

Harold B. Coughlin, Effluent Guidelines Division, United States Environmental Protection Agency 401 M Street SW., Room 911, WSME (WH-552), Washington, D.C. 20460, (202) 426-2560.

SUPPLEMENTARY INFORMATION: On April 26, 1978, EPA promulgated amended regulations establishing effluent limitations and guidelines and new source performance standards for fertilizer manufacturing plants producing ammonium nitrate (AN) and urea (43 FR 17821). To examine pH practices and performance of those plants, EPA evaluated permit compliance monitoring data and made a phone survey of the AN and urea plants that continuously measure and record pH. In the phone survey, EPA confirmed and updated its compliance monitoring data, and noted the treatment method that was being used at each plant. Using those data the Agency established the pH limitations for plants producing ammonium nitrate and urea. The regulations require that pH be maintained within 6.0 to 9.0 at all times.

On July 11, 1978, counsel for eleven companies which manufacture nitrogen fertilizer submitted to EPA a request for reconsideration of the pH regulations for the ammonium nitrate and urea subcategories. The companies also filed four petitions for review of these regulations all of which are now before the U.S. Court of Appeals for the Sixth Circuit.

The request for reconsideration asserts that EPA's data do not support the Agency's position that ammonium nitrate and urea plants can control pH within the range of 6.0 to 9.0 on a continuous basis. Along with the request for reconsideration the industries submitted a two-volume study on pH control of industrial effluents which they believe supports their contention that pH within the range of 6.0 to 9.0 cannot be achieved 100% of the time over an extended period.

Based on a preliminary evaluation of the request for reconsideration and the accompanying study on pH control, EPA has concluded that these pH regulations for AN and urea plants should be withdrawn until the Agency can fully evaluate the industry contractor's study on pH control of industrial effluents and perform its own study.

STATEMENT OF REVOCATION

In consideration of the foregoing:

40 CFR Chapter I, Subchapter N, Part 418, Fertilizer Manufacturing Point Source Category, Subpart C—Urea Subcategory and Subpart D—Ammonium Nitrate is amended by deleting from the tables in §§ 418.32, 418.35, 418.42 and 418.45 the entries which read "pH.....within the range of 6.0 to 9.0.....", and by revoking §§ 418.37 and 418.47, in their entirety.

Dated: February 2, 1979.

BARBARA BLUM,
Acting Administrator.

[FR Doc. 79-4653 Filed 2-12-79; 8:45 am]

[1505-01-M]

Title 45—Public Welfare

CHAPTER 1—OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PART 190—BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Correction

In FR Doc. 79-2291, appearing at page 5258, in the issue of Thursday, January 25, 1979, on page 5265 in the third column, paragraph(b)(2) of § 190.64 should be corrected to read as follows:

* * * * *

(b) * * *

(2) Multiplying the Scheduled Basic Grant by:

the number of credit or clock hours the student is expected to take in a payment period

---

the number of credit or clock hours that a full-time student would take in an academic year

proposed rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

[3410-05-M]

DEPARTMENT OF AGRICULTURE

Agricultural Stabilization and Conservation Service

[7 CFR Part 725]

FLUE-CURED TOBACCO ACREAGE ALLOTMENT AND MARKETING QUOTA REGULATIONS

AGENCY: Agricultural Stabilization and Conservation Service.

ACTION: Proposed rule.

SUMMARY: The Department of Agriculture is considering amending the regulations governing the lease and transfer of acreage allotments and marketing quotas, reporting requirements and marketing of flue-cured tobacco. Experience gained during the 1978-79 marketing season indicates a need for some changes in the regulations that would discourage the overproduction of flue-cured tobacco. Some of the rules currently in effect have encouraged growers, dealers, and warehousemen to violate program regulations. Many of the proposed changes were requested by producers to prevent program abuses. The proposed rule would (1) establish May 1 as the final date to file requests for lease and transfer with provisions for approving late-filed requests; (2) provide that producers on farms with excess acres will not be eligible to lease and transfer quotas (after June 14); (3) require producers to file reports of tobacco on hand at end of season; (4) expand the reporting requirements for dealers and buyers by requiring them to file supplemental reports to include tobacco acquired by them not previously reported in their seasonal report on February 1; and (5) make the provisions for storing carryover tobacco through marketing agents inapplicable to 1979 and subsequent crops of tobacco.

DATES: Comments must be received on or before February 28, 1979, in order to be sure of consideration.

ADDRESSES: Mail written comments to Director, Production Adjustment Division, USDA-ASCS, P.O. Box 2415, Washington, D. C. 20013.

FOR FURTHER INFORMATION CONTACT:

Maurice E. Reddick, Program Specialist, Production Adjustment Division, Agricultural Stabilization and Conservation Service, United States Department of Agriculture, Washington, D.C. 20013. ((202) 447-7935)

SUPPLEMENTARY INFORMATION: The Agricultural Stabilization and Conservation Service is considering amendments to the flue-cured tobacco regulations (7 CFR Part 725), as follows:

1. Section 725.72 would be amended to:

a. Establish May 1 as the final date to file requests for lease and transfer of quotas. Provisions would also be made for approving late-filed requests for transfer provided the county committee, with State committee approval, determines that the lease was agreed upon no later than May 1 and that the late filing was caused by a condition beyond the control of the lessee or lessor. Current rules make the ending lease and transfer date the same as the reporting date for planted acreage. The change would permit leases to be entered into before normal planting time and would authorize county committees to approve bona fide late filed transfer requests.

b. Provide that producers who plant tobacco in excess of their farm acreage allotments will not be eligible to lease and transfer quotas after June 14. The current rule provides loss of price support as the only deterrent to overplanting the acreage allotment. Indications are that loss of price support is no longer a deterrent to the planting of excess acreage. Most producers who overplant their allotments expect to lease sufficient quota to cover their excess planting; however, this magnifies the current problem of high leasing costs.

2. Section 725.98 would be changed to require producers to file a report of tobacco on hand after completion of marketings. An increasing number of growers produce tobacco in excess of their effective marketing quotas. The tobacco on hand oftentimes gets into the channels of trade with no payment of marketing quota penalties. Requiring a report of tobacco on hand provides an administrative tool that can be used to more effectively monitor the production and disposition of excess tobacco.

3. Section 725.102 would be amended to require dealers and buyers who currently file a seasonal report of purchases with the Department to file supplemental reports to reflect tobacco acquired by them which is not included in the seasonal report filed on or before February 1. Reports of additional purchases are needed to reconcile warehouse and dealer accounts and to ensure that marketing quota penalties are collected on excess tobacco.

4. Sections 725.103 and 104 would be made inapplicable to the 1979 and subsequent flue-cured crops but would remain in effect for prior year crops of tobacco placed in storage through marketing agents for marketing in the next marketing year. These provisions for handling carryover tobacco were promulgated in 1973 to provide a convenient means for storage of overproduction due to good growing conditions and other reasons beyond the control of the producer.

Prior to 1973, individual producers of excess tobacco (that in excess of 110 percent of the farm marketing quota) were responsible for storing such excess tobacco if it was to be carried over into the next marketing year, or, if not to be carried over to the next marketing year for satifactorily explaining its disposition to the local county ASC committee.

A report of unmarketed tobacco for the farm was required at the end of the marketing season (this requirement was revoked for the 1975 crop, but is proposed to be reinstated when these rules are finally adopted). For the most part, only small quantities of excess tobacco were reported on hand by producers at the end of the marketing season to be carried over for marketing in the next marketing year. This proposal would not prohibit producers from carrying over for marketing in the next marketing year any excess production of the current year for the farm, provided such excess production is not commingled with the production from other farms prior to marketing or prior to being otherwise disposed of to the satisfaction of the local county ASC committee.

The objective of the carryover program is being abused in that many growers now intentionally produce flue-cured tobacco in excess of their current marketing quotas. This overproduction, collectively, is in excess of the national marketing quota and, even though carryover tobacco cannot be marketed without penalty until the next marketing year, it serves to depress the auction market prices re-

ceived by producers for within quota tobacco during the current marketing year. In addition, some producers of excess tobacco have been able to move undetermined quantities of this surplus tobacco into trade channels during the current year without the payment of marketing quota penalties and without the reduction of future quotas established for their farms to reflect such excess production. Widespread publicity of these practices serves to impair the effectiveness of the marketing quota program.

Further, the carryover program, which has stimulated the production of excess tobacco, has also increases the ever rising costs for leasing quota and has put a greater strain on the limited processing facilities during the marketing season.

Prior to making any determinations, the Department will give consideration to comments, views, and recommendations submitted in writing to the Director, Production Adjustment Division. All written submissions made pursuant to the notice will be made available for public inspection from 8:15 a.m. to 4:45 p.m., Monday through Friday, in Room 3630-South Building, 14th and Independence Avenue, S.W., Washington, D.C.

Because these proposed changes would affect acreage planting and lease and transfer decisions by producers, and since producers will shortly be making final plans for land preparation, seedbeds and may begin transplanting tobacco seedlings into fields in March, it is hereby found and determined that compliance with the 60-day comment period required by Executive Order 12044 is not possible. Accordingly, comments must be received by February 28, 1979 in order to be assured of consideration.

This proposal has been determined not significant under the USDA criteria implementing Executive Order 12044.

Draft Impact Analyses are available from J. A. Wells, Director, Production Adjustment Division, USDA-ASCS, Room 3630-South Building, P.O. Box 2415, Washington, D.C. 20013. Telephone: 202-447-7641.

PROPOSED RULE

It is proposed that 7 CFR Part 725 be amended as follows:

1. In § 725.72, paragraphs (c) (1), (2) and (4) are amended and new subparagraphs (3) (vi) and (vii) are added to read as follows:

§ 725.72 Lease and transfer of tobacco marketing quotas.

* * * * *

(c) *Filing and approval of transfer agreement.*

(1) *General.* The approval or disapproval of an agreement to transfer all or any part of an effective farm marketing quota shall be the responsibility of the country committee, except for late-filed transfers approved under subparagraph (4) of this paragraph. The county committee may redelegate authority to approve transfers to the county executive director or other county office employees.

(2) *Filing transfer agreements.* No lease of any quota under this section shall become effective until a record of transfer, determined by the county committee to be in compliance with the provisions of this section, has been executed on Form ASCS-375 and filed within the time periods prescribed in this section, with the county committee in the county where the farms are administratively located.* * *

(3) *Approval of transfer agreement filed after June 14.** * *

* * * * *

(vi) Not be made if the record of transfer is filed with the county committee after November 30 of the current crop year.

(vii) Not be made if the planted acreage on the receiving or transferring farm exceeds the effective farm acreage allotment or exceeds 110 percent of the effective farm acreage allotment if the farm is a participant in the program for which the farm operator executes an agreement to destroy four leaves of downstalk tobacco.

(4) *Transfers not to be approved.* Except for transfers filed after June 14 under the conditions prescribed in paragraph (c)(3) of this section, a transfer shall not be approved:

(i) If the record of transfer is filed after May 1 of the current crop year except that a record of transfer filed after May 1 but prior to June 15 shall be considered timely filed if the county committee, with approval of the State committee, finds that (a) the lease was agreed upon no later than May 1 of the current crop year, and (b) the record of transfer was not timely filed with the county committee because of conditions beyond the control of the lessee or lessor.

(ii) If after the transfer the lessee farm acreage allotment, plus the acres obtained by dividing the pounds transferred to the lessee farm by the current year's farm yield for such farm, would exceed 50 percent of the cropland on such farm.

(iii) If it is determined that the primary purpose of the transfer for a farm is to pyramid (leasing to and from the farm for a period of two or more years to maintain the quota with no satisfactory evidence of plans for producing the quota during such period) the quota on the farm.

2. In § 725.98, paragraph (f) is revised by inserting a new sentence immediately after the period in the first sentence and revising the current second sentence as follows:

RECORDS AND REPORTS

§ 725.98 Producer's records and reports.

* * * * *

(f) *Report of production and disposition.** * *

The operator on each farm or any producer on the farm (even though the harvested acreage does not exceed the acreage allotment or even though no allotment was established for the farm) shall, upon written request from the county committee, furnish on Form MQ-108-1, Report of Unmarketed Tobacco, a written report of the amount and location of tobacco produced on the farm which is unmarketed at the end of the marketing season and the amount of tobacco produced by such operator or producer on any other farm, which is unmarketed at the end of the marketing season and which is stored on the farm, by sending the report to the county committee within 15 days after the request was mailed to such person at his last known address. Failure to file the MQ-108 or MQ-108-1 as requested, the filing of an MQ-108 or MQ-108-1 which is found by the State or county committee to be incomplete or incorrect shall, to the extent that it involves tobacco produced on the farm, constitute failure of the producer to account for disposition of tobacco produced on the farm and the allotment next established for such farm shall be reduced, except that such reduction for any such farm shall not be made if it is established to the satisfaction of the county or State committee that failure to furnish such proof of disposition was unintentional and no producer on such farm could reasonably have been expected to furnish such proof of disposition: *Provided*, That (i) such failure will be construed as intentional unless such proof of disposition is furnished and payment of all additional penalty is made, or (ii) no person connected with such farm for the year for which the quota is being established caused, aided, or acquiesced in the failure to furnish such proof.

* * * * *

3. In § 725.102, paragraph (b) is amended to read as follows:

§ 725.102 Dealers exempt from regular records and reports on MQ-79; and season report for dealers.

* * * * *

(b) For the 1973-74 and subsequent marketing years, each dealer or buyer shall also make a report not later than February 1 of each year to the Director, Production Adjustment Division, showing by States where acquired, source and pounds of all tobacco, in the form normally marketed by producers, purchased at auction or nonauction including tobacco received which was not billed to the dealer or buyer. Any acquisition of tobacco in the form normally marketed by producers by the dealer or buyer during the marketing year (July 1 through June 30) which is not included in the February 1 report shall be reported in like manner no later than the end of the calendar week following the week in which the tobacco was acquired. The report shall show: * * *

* * * * *

4. Section 725.103 paragraph (a) is amended by inserting a new sentence at the beginning.

§ 725.103 Recordkeeping and reporting requirements for processed producer carryover tobacco.

(a) *General.* This section shall not be applicable to 1979 and subsequent crops of tobacco.* * *

* * * * *

5. Section 725.104 paragraph (a) is amended by inserting a new sentence at the beginning.

§ 725.104 Recordkeeping and reporting requirements for unprocessed producer carryover tobacco.

(a) *General.* This section shall not be applicable to 1979 and subsequent crops of tobacco.* * *

* * * * *

AUTHORITY: Section 301, 313, 314, 316, 317, 363, 372-375, 377, 378, 52 Stat. 38, as amended, 47, as amended, 48 as amended, 75 Stat. 469, as amended, 79 Stat. 66, 52 Stat. 63, as amended, 65-66, as amended, 72 Stat. 995; section 401, 63 Stat. 1054, as amended, sections 106, 112, 125, 70 Stat. 191, 195, 198, as amended, section 16(e), 76 Stat. 606; (7 U.S.C. 1301, 1313, 1314, 1314b, 1314c, 1363, 1372-1375, 1377, 1378, 1421, 1813, 1824, 1836), (16 U.S.C. 590p(e)).

Signed at Washington, D.C., on February 9, 1979.

STEWART N. SMITH,
Acting Administrator, Agricultural Stabilization and Conservation Service.

[FR Doc. 79-4789 Filed 2-12-79; 8:45 am]

[3410-05-M]

[7 CFR Part 726]

BURLEY TOBACCO MARKETING QUOTA REGULATIONS

AGENCY: Agricultural Stabilization and Conservation Service.

ACTION: Proposed rule.

SUMMARY: The Department of Agriculture is considering amending the regulations governing the lease and transfer of marketing quotas, reporting requirements, and marketing of burley tobacco. Indications are that some provisions of current regulations are having the effect of encouraging the production of surplus tobacco. Invariably, overproduction makes program administration more difficult. The proposed rule would make the provisions for storing of tobacco through marketing agents inapplicable to the 1979 and subsequent crops of tobacco; provide that lease and transfer provisions be more restrictive to prevent speculation by producers and warehousemen; and would require producers to file reports of tobacco on hand at the end of the marketing season.

DATES: Comments must be received on or before February 28, 1979 to be sure of consideration.

ADDRESS: Mail comments to Director, Production Adjustment Division, USDA-ASCS, P.O. Box 2415, Washington, D.C. 20013.

FOR FURTHER INFORMATION CONTACT:

Raymond S. Fleming, Program Specialist, Production Adjustment Division, Agricultural Stabilization and Conservation Service, Washington, D.C. 20013, (202) 447-7935.

SUPPLEMENTARY INFORMATION: The Department of Agriculture is considering amendments to the burley tobacco regulations (7 CFR Part 726), as follows:

1. Section 726.68 would be amended to provide that lease and transfers can be made either to or from a farm during the marketing season but not both, with one exception. A farm that previously received leased quota may transfer quota from the farm if the producers so certify and the county committee determines that (1) the acreage planted on such farm was equal to 80 percent of the acreage determined by dividing the effective farm marketing quota by the current farm yield and (2) the production was limited to less than the effective farm marketing quota because of conditions beyond the control of the producer. Current regulations provide that the county committee may approve a transfer (filed for the current year) after July 31 either to or from the same farm (but not both) irrespective of whether any transfer filed before August 1 is in effect for the farm. This has caused widespread speculation on burley quota by farmers and warehousemen. Many producers lease burley quotas to the farm during the planting season (usually when the prices paid for leased quota are low) with no intention of planting any additional acreage but rather intending to sublease the quota away from the farm during the marketing season (usually when prices are higher) thereby making a profit. This practice has magnified the current problem of high leasing costs.

2. Section 726.92 would be changed to require producers to file reports of tobacco on hand after completion of marketings. An increasing number of growers produce tobacco in excess of their effective marketing quotas. The tobacco on hand oftentimes gets into the channels of trade with no payment of marketing quota penalties. Requiring a report of tobacco on hand provides an administrative tool that can be used to more effectively monitor the production and disposition of excess tobacco.

3. Section 726.95 would be amended to require dealers and buyers who currently file a seasonal report of purchases with the Department to file supplemental reports to reflect tobacco acquired by them which is not included in the seasonal report filed on or before April 1. Reports of additional purchases are needed to reconcile warehouse accounts and to ensure that marketing quota penalties are collected on excess tobacco.

4. Sections 726.105 and 106 would be made inapplicable to the 1979 and subsequent burley crops but would remain in effect for prior year crops of tobacco placed in storage through marketing agents for marketing in the next marketing year. These provisions for handling of excess carryover tobacco were promulgated in 1973 to provide a convenient means for storage of excess tobacco inadvertently produced.

Prior to 1973, individual producers of excess tobacco (that in excess of 110 percent of the farm marketing quota) were responsible for storing such excess tobacco if it was to be carried over into the next marketing year, or, if not to be carried over to the next marketing year, for satisfactorily explaining its disposition to the local county ASC committee. A report of unmarketed tobacco for the farm was required at the end of the marketing season (this requirement was revoked for the 1975 crop, but is proposed to be reinstated when these rules are finally adopted). For the most part, only small quantities of excess tobacco were reported on hand by producers at the