Regulatory Impact / Reg-Flex Analyses
Proposed Rule to Provide Additional Compensation for Removal of Trees Due to Plum Pox
7 CFR part 301.74-5
Docket Number: 00-035-3

January 30, 2004

Policy Analysis and Development
Policy and Program Development
Animal and Plant Health Inspection Service
U.S. Department of Agriculture
Riverdale, Maryland

Executive Summary

We are amending the plum pox compensation regulations to provide additional compensation to affected growers, under certain conditions. We will provide additional compensation to growers who have already been paid 3 years worth of compensation but who are prohibited from replanting regulated articles for a total of more than 3 years due to recent detections of plum pox in areas already under quarantine. Such growers will be paid compensation for up to two additional years. We are also providing additional compensation to growers who are direct marketers of their fruit, and providing compensation for growers who have had trees of less than one year of age destroyed. These actions are in response to our two years of experience in managing the plum pox quarantine and paying compensation to affected growers. This change is necessary to provide adequate compensation to persons affected by the plum pox quarantine and eradication efforts associated with the quarantine.

This rule provides additional compensation in the event a quarantine period is extended according to an emergency action notification (EAN) issued by APHIS. The fallow period may be increased by one or two years depending on the proximity of the land to recent finds of the plum pox virus. By delaying the time at which growers can replant, the longer fallow period increases the loss to growers. This rule change increases the amount of compensation to account for the longer fallow period.

Plum pox has been detected in some areas near orchards that were removed in the initial year of the eradication program. This has led to a need for additional fallow years for those acres. A fallow period of three years from the last find is needed to conclude that plum pox has been eradicated. The maximum will be five years. For orchards removed in 2002, we anticipate that only a three year fallow period will be needed if no further plum pox is discovered.

Compensation payments are based on calculating the difference between the amount a grower could earn from the original orchard minus the amount that they could earn from a replanted orchard after a fallow period. A longer fallow period results in higher compensation payments because of the additional time it takes until growers have productive trees.

The payment to commercial growers for two additional fallow years orchard will be $828 for the 4th year and $736 for the 5th year ($1,564 total per acre). The total number of acres eligible for additional payments because of the added fallow years is1,400. The estimated cost if all acres are eligible for two additional years is $2,189,600.

Total additional payments for direct marketers range from $264,472 to $348,452 depending on the number of fallow years a direct marketer will be required to wait before replanting. Table 7, page 15 summarizes the range of payments. Payments to direct marketers for the first three fallow years will increase by $10,172 per acre from the base amount that growers receive. Direct marketers were eligible to receive the same payments as other growers so the $10,172 represents the additional payment. Because

they are among the last trees that have been removed, a three year fallow period should be sufficient to demonstrate that plum pox has been eradicated. However, in the event that additional fallow years are necessary due new detections of plum pox, direct marketers will be compensated for up to 5 (total) fallow years. They will receive $1,710 for a 4th year and $1,520 for a 5th year. There are approximately 26 acres of trees used for direct marketing that have been removed as part of the plum pox eradication program; total payments to direct marketers will increase by $264,472, assuming the fallow period does not need to be extended. A four year fallow period for direct marketers will result in payments of $11,882 per acre ($10,172 + $1,710). Total payments for 26 acres will be $308,932. A five year fallow period for direct marketers will result in payments of $13,402 per acre ($10,172+$1,710+$1,520). Total payments for 26 acres will be $348,452.

This rule change also addresses the issue of trees less than one year old. Some growers have received destruction orders for trees that had been planted the same year. These trees did not go through one harvest season and are sometimes referred to as zero year trees. The original compensation program made no provision for these trees. However, growers that have had trees less than one year old destroyed have incurred costs. Based on input from cooperative extension agents and Pennsylvania State University, we have concluded that a fair rate of compensation for these trees is $2,403 per acre for a three year fallow period.

Background on Plum Pox

Plum pox is a devastating viral disease of stonefruit that affects peaches, apricots, plums, nectarines, almonds, and sweet and tart cherries. The disease significantly limits stone fruit production in areas where it is established. It is estimated that 100 million trees in Europe are infected.

Since 1915 when the disease was first described in Bulgaria, plum pox has spread to a large part of Europe, the Mediterranean, the Middle East, India, and Chile. Plum pox was found in North America for the first time in 1999 in Adams County, Pennsylvania. Plum pox results in unmarketable fruit and trees produce significantly reduced yields.

Because there is no cure for a tree infected with the plum pox virus, the only way to eradicate the disease is to cut down the infected trees and create a buffer zone to stop the spread. Since plum pox was first found in Adams County in 1999 1,400 acres of fruit trees have been removed. Because most of these trees were healthy trees that were removed to create a buffer zone, USDA compensated the growers for 85% of the value of the trees. The State of Pennsylvania has compensated the growers for the remaining 15% of the value of the trees. The compensation is equal to the amount growers could earn from an existing orchard minus the amount they could have earned from a replanted orchard after a fallow period to ensure that the disease has been eradicated. The average price paid for the Federal share of the compensation is $13,601 per acre.

Benefits of the Rule

The benefit of providing compensation is the increased likelihood that growers with infected orchards will participate in the plum pox eradication program. The use of compensation will complement and support the regulatory goal of preventing disease spread. More so than in other pest eradication programs, the specific characteristics of plum pox necessitate the use of compensation to obtain growers' cooperation in the control of the immediate disease outbreak and the ensuing national survey.

Unlike other plant diseases, the symptoms of plum pox may not be apparent for 5 to 6 years, and infected trees may not be significantly damaged for several more years. Only two of the eighteen infected blocks in Adams County showed symptoms of the disease, the rest were confirmed positive for PPV in laboratory tests. Moreover, the fruit is not a vector for the disease and are thus not quarantined. Growers have no restrictions on the movement and use of their fruit.

Furthermore, because the manner in which PPV spreads is not predictable, the eradication strategy necessarily calls for the destruction of trees that are asymptomatic. Growers, on their own, will not have the incentive to cut down trees that appear uninfected as will be necessary in an eradication program.

Without government intervention, growers will opt to keep producing as long as trees remain symptom-free. The eradication strategy calling for the swift destruction of both diseased and exposed trees causes economic losses in addition to that resulting from the disease. For these reasons, the payment of compensation will reflect the incremental burdens of complying with regulatory requirements insofar as market forces will not otherwise impose similar costs.

Additional Compensation for Direct Marketers

Direct marketers sell the produce that they grow directly to consumers at farmers' markets. Sellers at farmers markets are required to produce the food they sell. By developing orchards to grow the varieties in demand by consumers and then selling direct, farmers are able to command higher prices than the average grower. One direct marketer has provided documentation showing that he has been able to earn an average of $1.66 per pound for peaches from 1998 through 2000. The compensation payment rates employed in the calculations for the existing regulations used an average price received for Adams County, PA growers of $0.35 per pound.[1] Using the higher retail price commanded by a direct marketer will result in higher per acre payments, even after taking into account the additional expenses for marketing.

A direct marketer differs from an operator with a vertically integrated business. The distinction rests on the idea that a direct marketer is not simply taking a typical peach and then processing it or packing it to re-sell. Direct marketers from the central Pennsylvania region plant a number of varieties to sell directly to consumers at farmers markets in the New York, Baltimore, and Washington areas. These varieties are different than the typical varieties sold by other growers affected by the plum pox eradication effort. Developing the orchards to meet the needs of selling in these farmers markets has required an investment greater than what will be needed for a typical peach orchard.

Only producers are allowed to sell in the farmers markets. Farmers' markets are intended to directly benefit producers. Documentation is required to show that the sellers actually grow the product themselves. Middlemen are not allowed to participate in the farmers markets. Producers with roadside stands should not be classified as direct marketers. Selling from a roadside stand does not involve additional costs of developing an orchard to meet the demands of a farmers market. Also, a roadside stand does not necessarily require that the produce be grown on the farm, making it easier to find substitutes.

While direct marketers and commercial producers share certain characteristics, the available evidence indicates that direct marketers are able to sell their produce for a higher price. Despite also incurring higher costs than a commercial grower, direct marketers appear to earn higher returns.

Because of the time it takes to develop the varieties that are in demand at the farmers markets, the cost of renting an orchard does not fully reflect the value of the direct market orchards that were removed because of the quarantine. This limits the ability of a direct marketer to recover marketing losses by renting another orchard.

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[1] Federal Register: September 14, 2000 (Volume 65, Number 179);
[Page 55431-55436]; DEPARTMENT OF AGRICULTURE, Animal and Plant Health Inspection Service, 7 CFR Part 301, [Docket No. 00-035-1]RIN 0579-AB19
Plum Pox Compensation

Information supplied by one Pennsylvania grower indicates that a profit of $7,193 per acre can be earned from fruits sold in direct markets. Data for the original compensation calculations was collected by Penn State University Extension from those growers who were known to have orchards with plum pox at that time. According to the data used in the original compensation calculations, growers earn an average profit of $3,288 per acre. A direct marketer can earn more than twice as much per acre compared to the average Adams County peach producer.

The original compensation payments were based on calculating the difference between the amount a grower could earn from the original orchard minus the amount that they could earn from a replanted orchard after a fallow period. For an acre of 11 year old trees, the average age of the affected trees, the net present value of this difference was $16,002, of which APHIS paid 85% or $13,601. The remaining $2,401 per acre was paid by the State of Pennsylvania.

Using price and cost data supplied by a direct marketer from central Pennsylvania, per acre compensation payments will increase to approximately $27,969 per acre, of which APHIS will pay 85% or $23,774. This is an increase of $10,172 per acre from the base amount that growers receive; this amount reflects a three year fallow period. There are approximately 26 acres of trees used for direct marketing that have been removed as part of the plum pox eradication program; total payments to direct marketers will increase by $264,472.

Table 1: Additional Payments to Direct Marketers

Tree Age	NPV with replanting 3 year fallow	Federal Share 85%	Original USDA Payment (3yr fallow)	Additional Amount for Direct Marketers
0	$2,827	$ 2,403	$ 2,403	$0
1	$11,275	$9,584	$ 4,805	$4,778
2	$16,190	$13,761	$ 7,394	$6,368
3	$20,689	$17,585	$ 9,429	$8,156
4	$25,750	$21,888	$ 12,268	$9,620
5	$29,589	$25,150	$ 14,505	$10,645
6	$30,290	$25,747	$ 14,918	$10,829
7	$30,422	$25,859	$ 15,000	$10,859
8	$29,912	$25,426	$ 14,709	$10,716
9	$29,339	$24,938	$ 14,383	$10,556
10	$28,695	$24,390	$ 14,015	$10,375
11	$27,969	$23,774	$ 13,601	$10,172
12	$27,153	$23,080	$ 13,136	$9,944
13	$26,235	$22,300	$ 12,613	$9,687
14	$25,202	$21,422	$ 12,024	$9,398
15	$24,040	$20,434	$ 11,361	$9,073
16	$22,733	$19,323	$ 10,616	$8,707
17	$21,394	$18,185	$ 9,854	$8,331
18	$20,020	$17,017	$ 9,073	$7,943
19	$18,604	$15,814	$ 8,272	$7,542
20	$17,144	$14,572	$ 7,446	$7,126
21	$15,632	$13,287	$ 6,594	$6,693
22	$14,195	$12,066	$ 5,789	$6,277
23	$12,841	$10,915	$ 5,035	$5,879
24	$11,317	$9,620	$ 4,341	$5,279
25	$9,603	$8,163	$ 3,713	$4,450

Costs for Additional Fallow Years

Plant Protection and Quarantine has determined that in some cases a four or five year fallow period may be required rather than three years as originally proposed. Because growers will not be able to replant for an additional one or two years, they will incur greater losses than under the original three year proposal. As shown in Tables 2 and 3, the net present values were re-calculated to allow for the additional years. Net present values were calculated using the same method as described in Docket Number 00-035-1.[2] The additional cost for two additional fallow years for an 11 year old orchard is $1,564 per acre. Estimates of the number of acres that will be eligible for two additional fallow years range from 1,313 to 1,400. The cost for these additional acres will range from $2,125,568 to $2,189,600. The estimated number of acres that will be eligible for one additional fallow year range from 0 to 87 acres. If 87 acres were to be eligible for one payment for one additional fallow year, the cost will be $72,036.

Table 2: Estimated Cost for Additional Fallow Years

	Estimated Number of Acres	Estimated Number of Acres
1 Additional Fallow Year	0	87
2 Additional Fallow Years	1,400	1,313
Total Acres	1,400	1,400
Total Estimated Cost	$ 2,189,600	$ 2,125,568

[2] Federal Register: September 14, 2000 (Volume 65, Number 179);
[Page 55431-55436]; DEPARTMENT OF AGRICULTURE, Animal and Plant Health Inspection Service, 7 CFR Part 301, [Docket No. 00-035-1]RIN 0579-AB19
Plum Pox Compensation

Table 3 shows the additional cost per acre for an increase from three to four fallow years. It is estimated that up to 87 acres may be in this category.

Table 3: Additional per acre cost to increase fallow period from three to four years

		Federal Share		Federal Share	Federal Share
Year	NPV 3 year fallow	85%	NPV 4 year fallow	85%	Additional Cost per acre
0	$2,827	$2,403	$3,314	$2,817	$414
1	$5,654	$4,805	$6,628	$5,634	$828
2	$8,698	$7,394	$9,673	$8,222	$828
3	$11,093	$9,429	$12,068	$10,257	$828
4	$14,433	$12,268	$15,407	$13,096	$828
5	$17,065	$14,505	$18,039	$15,333	$828
6	$17,551	$14,918	$18,525	$15,746	$828
7	$17,647	$15,000	$18,621	$15,828	$828
8	$17,305	$14,709	$18,279	$15,538	$828
9	$16,921	$14,383	$17,895	$15,211	$828
10	$16,488	$14,015	$17,463	$14,843	$828
11	$16,002	$13,601	$16,976	$14,430	$828
12	$15,454	$13,136	$16,429	$13,964	$828
13	$14,838	$12,613	$15,813	$13,441	$828
14	$14,146	$12,024	$15,120	$12,852	$828
15	$13,366	$11,361	$14,341	$12,190	$828
16	$12,490	$10,616	$13,464	$11,444	$828
17	$11,593	$9,854	$12,567	$10,682	$828
18	$10,675	$9,073	$11,649	$9,902	$828
19	$9,731	$8,272	$10,706	$9,100	$828
20	$8,760	$7,446	$9,735	$8,274	$828
21	$7,758	$6,594	$8,732	$7,422	$828
22	$6,810	$5,789	$7,784	$6,617	$828
23	$5,924	$5,035	$6,898	$5,863	$828
24	$5,107	$4,341	$6,081	$5,169	$828
25	$4,368	$3,713	$5,342	$4,541	$828

Table 4 shows the additional cost per acre for an increase from four to five fallow years. It is estimated that up to 1,400 acres may be in this category.

Table 4: Additional per acre cost to increase fallow period from four to five years

		Federal Share		Federal Share	Federal Share
Year	NPV 4 year fallow	85%	NPV 5 year fallow	85%	Additional Cost per acre
0	$3,314	$2,817	$3,747	$3,185	$368
1	$6,628	$5,634	$7,494	$6,370	$736
2	$9,673	$8,222	$10,539	$8,958	$736
3	$12,068	$10,257	$12,934	$10,994	$736
4	$15,407	$13,096	$16,273	$13,832	$736
5	$18,039	$15,333	$18,905	$16,070	$736
6	$18,525	$15,746	$19,391	$16,482	$736
7	$18,621	$15,828	$19,487	$16,564	$736
8	$18,279	$15,538	$19,146	$16,274	$736
9	$17,895	$15,211	$18,761	$15,947	$736
10	$17,463	$14,843	$18,329	$15,579	$736
11	$16,976	$14,430	$17,842	$15,166	$736
12	$16,429	$13,964	$17,295	$14,700	$736
13	$15,813	$13,441	$16,679	$14,177	$736
14	$15,120	$12,852	$15,986	$13,588	$736
15	$14,341	$12,190	$15,207	$12,926	$736
16	$13,464	$11,444	$14,330	$12,180	$736
17	$12,567	$10,682	$13,433	$11,418	$736
18	$11,649	$9,902	$12,515	$10,638	$736
19	$10,706	$9,100	$11,572	$9,836	$736
20	$9,735	$8,274	$10,601	$9,011	$736
21	$8,732	$7,422	$9,598	$8,158	$736
22	$7,784	$6,617	$8,650	$7,353	$736
23	$6,898	$5,863	$7,764	$6,600	$736
24	$6,081	$5,169	$6,947	$5,905	$736
25	$5,342	$4,541	$6,208	$5,277	$736

Trees Less Than One Year Old

Some growers have received destruction orders for trees that had been planted the same year. These trees did not go through one harvest season and are sometimes referred to as zero year trees. The original compensation program made no provision for these trees. However, growers that have had trees less than one year old destroyed have incurred costs. Also, they will be prohibited from replanting stone fruit until the fallow period has ended, limiting their opportunities to recoup the loss.

Based on input from cooperative extension agents and Pennsylvania State University, we have concluded that a fair rate of compensation for these trees is $2,403 per acre for a

three year fallow period. This rate will apply to all growers who receive compensation. This amount is intended to cover grower costs incurred for inputs during the first year, including land preparation, nursery stock, labor for planting, and fertilizing. The compensation is also intended to compensate growers for the loss incurred due to the fallow period which prevents re-planting. All growers are compensated at the same rate because costs for all types of growers are similar for zero year trees regardless of the intended market.

The cost for 43 acres of zero year trees at $2,403 per acre is $103,329.

Additional Fallow Years for Direct Marketers

At this time, there is no need to pay compensation for additional fallow years for direct marketers. Should it become necessary to pay for additional fallow years, the rates have been calculated in the same way as for other producers. Tables 5 and 6 show additional amounts for the fourth and fifth fallow years. If a direct marketer were eligible for payments based on a five year fallow period, the payments will increase by $11,838. ($27,004-$ 15,166 = $11,838.

Table 5: Additional Payments to Direct Marketers
Additional per acre cost to increase fallow period from three to four years

Tree Age		Federal Share		Federal Share	Federal Share
	NPV 3 year fallow	85%	NPV 4 year fallow	85%	Additional Cost per acre
0	$2,827	$2,403	$3,314	$2,817	$414
1	$11,275	$9,584	$13,287	$11,294	$1,710
2	$16,190	$13,761	$18,202	$15,472	$1,710
3	$20,689	$17,585	$22,701	$19,296	$1,710
4	$25,750	$21,888	$27,762	$23,598	$1,710
5	$29,589	$25,150	$31,601	$26,861	$1,710
6	$30,290	$25,747	$32,302	$27,457	$1,710
7	$30,422	$25,859	$32,434	$27,569	$1,710
8	$29,912	$25,426	$31,925	$27,136	$1,710
9	$29,339	$24,938	$31,351	$26,649	$1,710
10	$28,695	$24,390	$30,707	$26,101	$1,710
11	$27,969	$23,774	$29,981	$25,484	$1,710
12	$27,153	$23,080	$29,165	$24,790	$1,710
13	$26,235	$22,300	$28,247	$24,010	$1,710
14	$25,202	$21,422	$27,214	$23,132	$1,710
15	$24,040	$20,434	$26,053	$22,145	$1,710
16	$22,733	$19,323	$24,746	$21,034	$1,710
17	$21,394	$18,185	$23,407	$19,896	$1,710
18	$20,020	$17,017	$22,032	$18,727	$1,710
19	$18,604	$15,814	$20,617	$17,524	$1,710
20	$17,144	$14,572	$19,156	$16,283	$1,710
21	$15,632	$13,287	$17,644	$14,998	$1,710
22	$14,195	$12,066	$16,207	$13,776	$1,710
23	$12,841	$10,915	$14,853	$12,625	$1,710
24	$11,317	$9,620	$13,329	$11,330	$1,710
25	$9,603	$8,163	$11,615	$9,873	$1,710

Table 6: Additional Payments to Direct Marketers

Additional per acre cost to increase fallow period from four to five years for Direct Marketers

Tree Age		Federal Share		Federal Share	Federal Share
	NPV 4 year fallow	85%	NPV 5 year fallow	85%	Additional Cost per acre
0	$3,314	$2,817	$3,747	$3,185	$368
1	$13,287	$9,584	$15,075	$12,814	$1,520
2	$18,202	$13,761	$19,990	$16,992	$1,520
3	$22,701	$17,585	$24,489	$20,816	$1,520
4	$27,762	$21,888	$29,551	$25,118	$1,520
5	$31,601	$25,150	$33,389	$28,381	$1,520
6	$32,302	$25,747	$34,091	$28,977	$1,520
7	$32,434	$25,859	$34,223	$29,089	$1,520
8	$31,925	$25,426	$33,713	$28,656	$1,520
9	$31,351	$24,938	$33,140	$28,169	$1,520
10	$30,707	$24,390	$32,495	$27,621	$1,520
11	$29,981	$23,774	$31,770	$27,004	$1,520
12	$29,165	$23,080	$30,954	$26,311	$1,520
13	$28,247	$22,300	$30,036	$25,530	$1,520
14	$27,214	$21,422	$29,003	$24,653	$1,520
15	$26,053	$20,434	$27,841	$23,665	$1,520
16	$24,746	$19,323	$26,534	$22,554	$1,520
17	$23,407	$18,185	$25,195	$21,416	$1,520
18	$22,032	$17,017	$23,820	$20,247	$1,520
19	$20,617	$15,814	$22,405	$19,044	$1,520
20	$19,156	$14,572	$20,945	$17,803	$1,520
21	$17,644	$13,287	$19,433	$16,518	$1,520
22	$16,207	$12,066	$17,995	$15,296	$1,520
23	$14,853	$10,915	$16,641	$14,145	$1,520
24	$13,329	$9,620	$15,118	$12,850	$1,520
25	$11,615	$8,163	$13,404	$11,393	$1,520

Table 7: Summary of Payments to Direct Marketers for 11 Year Old Trees

# of Fallow Years	3	4	5
Additional Payments per Acre	$10,172	$11,882	$13,402
Total Payments for 26 Acres	$264,472	$308,932	$348,452

Table 7 shows the additional payments to direct marketers for fallow periods of three, four, and five years for 11 year old trees. The average age of trees involved in the plum pox eradication program is 11 years old. Payments to direct marketers for the first three fallow years will increase by $10,172 per acre from the base amount that growers receive. Direct marketers were eligible to receive the same payments as other growers so the $10,172 represents the additional payment. Because they are among the last trees that have been removed, a three year fallow period should be sufficient to demonstrate that plum pox has been eradicated. However, in the event that additional fallow years are necessary due new detections of plum pox, direct marketers will be compensated for up to 5 (total) fallow years. They will receive $1,710 for a 4th year and $1,520 for a 5th year. There are approximately 26 acres of trees used for direct marketing that have been removed as part of the plum pox eradication program; total payments to direct marketers will increase by $264,472, assuming the fallow period does not need to be extended. A four year fallow period for direct marketers will result in payments of $11,882 per acre ($10,172 + $1,710). Total payments for 26 acres will be $308,932. A five year fallow period for direct marketers will result in payments of $13,402 per acre ($10,172+$1,710+$1,520). Total payments for 26 acres will be $348,452.

Summary

We are proposing to amend the plum pox compensation regulations to provide additional compensation to affected growers, under certain conditions. We are proposing to provide additional compensation to growers who have already been paid 3 years worth of compensation but who are prohibited from replanting regulated articles for a total of more than 3 years due to recent detections of plum pox in areas already under quarantine. Such growers will be paid compensation for up to two additional years. We are also proposing to provide additional compensation to growers who are direct marketers of their fruit, and to provide compensation for growers who have had trees of less than one year of age destroyed. We are proposing these actions in response to our two years of experience in managing the plum pox quarantine and paying compensation to affected growers. This change is necessary to provide adequate compensation to persons affected by the plum pox quarantine and eradication efforts associated with the quarantine.

This rule provides additional compensation in the event a quarantine period is extended according to an emergency action notification issue by APHIS. The fallow period may be increased by one or two years depending on the proximity of the land to recent finds of the plum pox virus. By delaying the time at which growers can replant, the longer fallow period increases the loss to growers. This rule change increases the amount of compensation to account for the longer fallow period.

Payments to direct marketers will increase by $10,172 per acre; this amount reflects a three year fallow period. There are approximately 26 acres of trees used for direct marketing that have been removed as part of the plum pox eradication program; total payments to direct marketers will increase by $264,472.

The payment to commercial growers for two additional fallow years orchard will be $828 for the 4^{th} year and $736 for the 5^{th} year ($1,564 total per acre). The total number of acres eligible for additional payments because of the added fallow years is 1,400. The estimated cost if all acres are eligible for two additional years is $2,189,600.

Payments to direct marketers for the first three fallow years will increase by $10,172 per acre.; Because they are among the last trees that have been removed, a three year fallow period should be sufficient to demonstrate that plum pox has been eradicated. There are at least 26 acres of trees used for direct marketing that have been removed as part of the plum pox eradication program; total payments to direct marketers will increase by $264,472, assuming the fallow period does not need to be extended. If a direct marketer were eligible for payments based on a five year fallow period, the payments will increase by $11,838.

The cost of including 43 acres of zero year trees at $2,403 per acre is $103,329.

Regulatory Flexibility Analysis - Impact on Small Entities

The Regulatory Flexibility Act requires that the Agency specifically consider the economic impact associated with rule changes on small entities. The Small Business Administration (SBA) defines a firm engaged in agriculture as "small" if it has less than $750,000 in annual receipts. Stone fruit growers are included in NAICS code 111339, Other Non-citrus Fruit Farming. This proposed rule, if adopted, will allow stone fruit growers in the quarantine area in Pennsylvania to be compensated for the destruction of trees removed due to plum pox. The effect of this rule will be beneficial to growers who had their trees destroyed as part of the eradication program.

In Adams County as a whole and in adjacent areas covered by the quarantine, there are approximately 150 stone fruit growers. Of these, about two-thirds will be considered small under SBA guidelines.

This rule change directly benefits producers who have had trees removed as part of the plum pox eradication program. This rule change will have no detrimental effect on producers regardless of size.