Proposed Rules

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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.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 985

[Doc. No. AMS–SC–16–0107; SC17–985–1A PR]

Marketing Order Regulating the Handling of Spearmint Oil Produced in the Far West; Revision of the Salable Quantity and Allotment Percentage for Class 3 (Native) Spearmint Oil for the 2017–2018 Marketing Year

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This proposed rule would implement a recommendation from the Far West Spearmint Oil Administrative Committee (Committee) to revise the quantity of Class 3 (Native) spearmint oil that handlers may purchase from, or handle on behalf of, producers during the 2017–2018 marketing year, which began on June 1, 2017. This proposal would increase the Native spearmint oil salable quantity and the allotment percentage. The Committee recommended this action for the purpose of avoiding extreme fluctuations in supplies and prices and to help maintain stability in the Far West spearmint oil market. This proposal also contains a formatting change to subpart references to bring the language into conformance with the Office of the Federal Register requirements.

DATES: Comments must be received by December 18, 2017.

ADDRESSES: Interested persons are invited to submit written comments concerning this proposed rule. Comments must be sent to the Docket Clerk, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW., STOP 0237, Washington, DC 20250–0237; Fax: (202) 720–8938; or internet: *http://www.regulations.gov.* All comments should reference the document number and the date and page number of this issue of the **Federal Register** and will be made available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed at: *http://www.regulations.gov.* All comments submitted in response to this rule will be included in the record and will be made available to the public. Please be advised that the identity of the individuals or entities submitting the comments will be made public on the Internet at the address provided above.

FOR FURTHER INFORMATION CONTACT: Dale Novotny, Marketing Specialist, or Gary D. Olson, Regional Director, Northwest Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; Telephone: (503) 326–2724, Fax: (503) 326–7440, or Email: *DaleJ.Novotny@ams.usda.gov* or *GaryD.Olson@ams.usda.gov.*

Small businesses may request information on complying with this regulation by contacting Richard Lower, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW., STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Richard.Lower@ams.usda.gov.*

SUPPLEMENTARY INFORMATION: This action, pursuant to 5 U.S.C. 553, proposes an amendment to regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This proposed rule is issued under Marketing Order No. 985 (7 CFR part 985), as amended, regulating the handling of spearmint oil produced in the Far West (Washington, Idaho, Oregon, and designated parts of Nevada and Utah). Part 985 (referred to as ''the Order'') is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.'' The Committee locally administers the Marketing Order and is comprised of spearmint oil producers operating within the area of production, and a public member.

The Department of Agriculture (USDA) is issuing this proposed rule in conformance with Executive Orders 13563 and 13175. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this proposed rule does not meet the definition of a significant regulatory action it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ''Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017, titled 'Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017).

This proposal has been reviewed under Executive Order 12988, Civil Justice Reform. Under the provisions of the Order now in effect, salable quantities and allotment percentages may be established for classes of spearmint oil produced in the Far West. This proposed rule would increase the quantity of Native spearmint oil produced in the Far West that handlers may purchase from, or handle on behalf of, producers during the 2017–2018 marketing year, which ends on May 31, 2018.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with USDA a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. A handler is afforded the opportunity for a hearing on the petition. After the hearing, USDA would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This proposal invites comments on revisions to the quantity of Native spearmint oil that handlers may purchase from, or handle on behalf of, producers during the 2017–2018 marketing year under the Order. Prior to this proposed rule, the salable quantity and allotment percentage for Native spearmint oil was initially established at 1,075,051 pounds and 44 percent, respectively, in a final rule published May 25, 2017 (82 FR 24001). This proposed rule would increase the Native spearmint oil salable quantity from 1,075,051 pounds to 1,514,902 pounds and the allotment percentage from 44 percent to 62 percent.

Under the volume regulation provisions of the Order, the Committee meets each year to adopt a marketing policy for the ensuing year. When the Committee's marketing policy considerations indicate a need for limiting the quantity of spearmint oil available to the market to establish or maintain orderly marketing conditions, the Committee submits a recommendation to the Secretary of Agriculture for volume regulation.

Volume regulation under the Order is effectuated through the establishment of a salable quantity and allotment percentage applicable to each class of spearmint oil handled in the production area during a marketing year. The salable quantity is the total quantity of each class of oil that handlers may purchase from, or handle on behalf of, producers during a given marketing year. The allotment percentage for each class of oil is derived by dividing the salable quantity by the total industry allotment base for that same class of oil. The total industry allotment base is the aggregate of all allotment base held individually by producers. Producer allotment base is the quantity of each class of spearmint oil that the Committee has determined is representative of a producer's spearmint oil production. Each producer is allotted a pro rata share of the total salable quantity of each class of spearmint oil each marketing year. Each producer's annual allotment is determined by applying the allotment percentage to the producer's individual allotment base for each applicable class of spearmint oil.

The full Committee met on October 19, 2016, to consider its marketing policy for the 2017–2018 marketing year. At that meeting, the Committee determined that marketing conditions indicated a need for volume regulation of both classes of spearmint oil for the 2017–2018 marketing year. The Committee recommended salable quantities of 774,645 pounds and 1,075,051 pounds, and allotment percentages of 36 percent and 44 percent, respectively, for Scotch and Native spearmint oil. A proposed rule to that effect was published in the **Federal Register** on March 31, 2017 (82 FR 16001). Comments on the proposed rule were solicited from interested persons until May 1, 2017. No comments were received. Subsequently, a final rule establishing the salable quantities and allotment percentages for Scotch and Native spearmint oil for the 2017–2018 marketing year was published in the **Federal Register** on May 25, 2017 (82 FR 24001).

Pursuant to authority contained in §§ 985.50, 985.51, and 985.52, the full eight-member Committee met again on September 25, 2017, and October 25, 2017, to evaluate the current year's volume control regulation. At the meetings, the Committee assessed the current market conditions for spearmint oil in relation to the salable quantities and allotment percentages established for the 2017–2018 marketing year. The Committee considered a number of factors, including the current and projected supply, estimated future demand, production costs, and producer prices for all classes of spearmint oil. The Committee determined that the established salable quantity and allotment percentage in effect for Native spearmint oil for the 2017–2018 marketing year should be increased to take into account the unanticipated rise in market demand for that class of spearmint oil.

At the September 25, 2017, meeting, the Committee recommended increasing the 2017–2018 marketing year Native spearmint oil salable quantity from 1,075,051 pounds to 1,221,696 pounds and the allotment percentage from 44 percent to 50 percent. The recommendation to increase the salable quantity and allotment percentage passed with a vote of seven members in favor and one opposed. The member opposed to the recommendation favored increasing the Native spearmint oil salable quantity and allotment percentage for the 2017–2018 marketing year, but at an undetermined level lower than what was recommended.

At the October 25, 2017, meeting, the Committee met again to consider an additional increase to the 2017–2018 marketing year salable quantity and allotment percentage for Native spearmint oil. The Committee recommended further increasing the 2017–2018 marketing year Native spearmint oil salable quantity from 1,221,696 pounds to 1,514,902 pounds and the allotment percentage from 50 percent to 62 percent. The recommendation to further increase the salable quantity and allotment percentage passed with a unanimous vote.

Thus, this proposal would make additional amounts of Native spearmint oil available to the market by increasing the salable quantity and allotment percentage previously established under the Order for the 2017–2018 marketing year. This proposed rule would increase the Native spearmint oil salable quantity by 439,851 pounds, to 1,514,902 pounds, and would raise the allotment percentage 18 percentage points, to 62 percent. Such additional oil would come from releasing Native spearmint oil held by producers in the reserve pool. As of May 31, 2017, the Committee records show that the reserve pool for Native spearmint oil contained 996,050 pounds of oil, an amount considered excessive relative to market conditions.

At both the September and October 2017 meetings, the Committee staff reported that demand for Native spearmint oil has been greater than previously anticipated. Committee records indicate that 2017–2018 marketing year sales to date (945,683 pounds) are tracking fairly closely to sales for the same period in the 2016–2017 marketing year (1,095,112 pounds). However, handlers reported to the Committee that an additional 345,446 pounds of Native spearmint oil are committed to be sold, which would leave a deficit of 216,078 pounds of oil (1,075,051 pounds salable quantity minus 945,683 pounds sold to date and 345,446 pounds committed) to supply the market until May 31, 2018. Another factor that contributed to the short supply was that only 143,011 pounds of salable product carried over from the 2016–2017 marketing year into the 2017–2018 marketing year, which was 46,809 pounds less than expected. The Committee initially estimated in October 2016 that the total available supply of Native spearmint oil for the 2017–2018 marketing year would be 1,264,871 pounds, but that amount was reduced to 1,218,158 when the smaller carry-in quantity is accounted for.

The Committee initially estimated the trade demand for Native spearmint oil for the 2017–2018 marketing year to be 1,250,000. At the September 25, 2017, meeting, the Committee revised the expected trade demand for the 2017–2018 marketing year to be 1,338,820. At the October 25, 2017, meeting, the Committee further revised the expected trade demand for the 2017–2018 marketing year to 1,600,000 pounds. If realized, trade demand would be 381,842 pounds above the quantity of Native spearmint oil available under the volume control levels implemented in May 2017 (1,218,158 pounds available prior to this rule minus 1,600,000 pounds estimated demand equals a deficit of 381,842 pounds). Without increasing the salable quantity and allotment percentage, the market for Native spearmint oil may be shorted. The increased quantity of Native spearmint oil (439,851 pounds) that would be made available to the market as a result of this rulemaking would ensure that market demand is fully satisfied in the current year and that there would be approximately 20,171 pounds of Native spearmint oil salable inventory available to the market for the start of the 2018–2019 marketing year, which begins on June 1, 2018.

In making the recommendation to increase the salable quantity and allotment percentage of Native spearmint oil, the Committee considered all currently available information on the price, supply, and demand of Native spearmint oil. The Committee also considered reports and other information from handlers and producers in attendance at the meeting. Lastly, the Committee manager presented information and reports that were provided to the Committee staff by handlers and producers.

This proposal would increase the 2017–2018 marketing year Native spearmint oil salable quantity by 439,851 pounds, to a total of 1,514,902 pounds. However, the Committee expects that not all producers have Native spearmint oil held in reserve. As such, the Committee calculates that 37,796 pounds of the Native spearmint oil salable quantity will go unfulfilled. Therefore, the total supply of Native spearmint oil that the Committee anticipates actually being available to the market over the course of the 2017–2018 marketing year would be increased to 1,620,117 pounds (2017–2018 marketing year salable quantity plus salable carry-in of 143,011 pounds from the 2016–2017 marketing year minus an unused allotment of 37,796 pounds due to lack of pool oil). Actual sales of Native spearmint oil for the 2016–2017 marketing year totaled 1,287,691 pounds. The 5-year average of Native spearmint oil sales is 1,309,793 pounds.

The Committee estimates that this action would result in 20,171 pounds of salable Native spearmint oil being carried into the 2018–2019 marketing year. While 20,171 pounds is a relatively low quantity of salable Native spearmint oil to end the marketing year, reserve pool oil could be released into the market under a future relaxation of the volume regulation should it be necessary to adequately supply the market prior to the beginning of the 2018–2019 marketing year. The Committee estimates that a total of 1,237,237 pounds of Native spearmint oil would be available from the reserve pool if needed.

As mentioned previously, when the original 2017–2018 marketing policy statement was drafted, handlers estimated the demand for Native spearmint oil for the 2017–2018 marketing year to be 1,250,000 pounds. The Committee's initial recommendation for the establishment of the Native spearmint oil salable quantity and allotment percentage for the 2017–2018 marketing year was based on that estimate. The Committee did not anticipate the increase in demand for Native spearmint oil that the market is currently experiencing and did not make allowances for it when the marketing policy was initially adopted.

At the September 25, 2017, meeting, the Committee revised its estimate of the current trade demand to 1,338,820 pounds, and further increased that estimate to 1,600,000 pounds at the October 25, 2017, meeting. The Committee now believes that the supply of Native spearmint oil available to the market under the initially established salable quantity and allotment percentage would be insufficient to satisfy the current level of demand for oil at reasonable price levels. The Committee further believes that the increase in the salable quantity and allotment percentage proposed in this action is vital to ensuring an adequate supply of Native spearmint oil is available to the market moving forward.

The Committee's stated intent in the use of the Order's volume control regulation is to keep adequate supplies available to meet market needs and to maintain orderly marketing conditions. With that in mind, the Committee developed its recommendation for increasing the Native spearmint oil salable quantity and allotment percentage for the 2017–2018 marketing year based on the information discussed above, as well as the summary data outlined below.

(A) Initial estimated 2017–2018 Native Allotment Base—2,443,297 pounds. This is the allotment base estimate on which the original 2017–2018 salable quantity and allotment percentage was based.

(B) Revised 2017–2018 Native Allotment Base—2,443,391 pounds. This is 94 pounds more than the initial estimated allotment base of 2,443,297 pounds. The difference is the result of annual adjustments made to the allotment base according to the provisions of the Order.

(C) Initial 2017–2018 Native Allotment Percentage—44 percent. This was unanimously recommended by the Committee on October 19, 2016.

(D) Initial 2017–2018 Native Salable Quantity—1,075,051 pounds. This figure is 44 percent of the original estimated 2017–2018 allotment base of 2,443,297 pounds.

(E) Adjusted Initial 2017–2018 Native Salable Quantity—1,075,092 pounds. This figure reflects the salable quantity actually available at the beginning of the 2017–2018 marketing year. This quantity is derived by applying the initial 44-percent allotment percentage to the revised allotment base of 2,443,391.

(F) Proposed Revision to the 2017–2018 Native Salable Quantity and Allotment Percentage:

(1) Proposed Increase in the Native Allotment Percentage—18 percent. The Committee recommended an increase of six percentage points at its September 25, 2017, meeting, and a further 12 percentage points at its October 25, 2017, meeting for a total increase of 18 percentage points over the initial Native allotment percentage.

(2) Proposed Revised 2017–2018 Native Allotment Percentage—62 percent. This number was derived by adding the increase of 18 percentage points to the initially established 2017–2018 allotment percentage of 44 percent.

(3) Proposed Revised 2017–2018 Native Salable Quantity—1,514,902 pounds. This amount is 62 percent of the revised 2017–2018 allotment base of 2,443,391 pounds.

(4) Computed Increase in the 2017–2018 Native Salable Quantity as a Result of the Proposed Revision—439,851 pounds. This figure represents 18 percent of the 2017–2018 revised allotment base.

(5) Expected Actual Increase in the Native Spearmint Oil Available to the Market for the 2017–2018 Marketing Year—402,055 pounds. This amount is based on the Committee's estimation of Native spearmint oil that is actually held by producers in the reserve pool that may enter the market as a result of this proposal. The Committee estimates that approximately 37,796 pounds of the computed increase would go unfulfilled due to producers who do not have sufficient Native spearmint oil in reserve to utilize their full allotted salable quantity.

Scotch spearmint oil is also regulated by the Order. As mentioned previously, a salable quantity and allotment percentage for Scotch spearmint oil was established in a final rule published in the **Federal Register** on May 25, 2017 (82 FR 24001). At the September 25, 2017, meeting, the Committee considered the current production, inventory, and marketing conditions for Scotch spearmint oil. After receiving reports from the Committee staff and comments from the industry, the consensus of the Committee was that the previously established salable quantity and allotment percentage for Scotch spearmint oil was appropriate for the current market conditions. As such, the Committee took no further action with regards to Scotch spearmint oil for the 2017–2018 marketing year.

This proposed rule would relax the regulation of Native spearmint oil and would allow producers to meet market demand while improving producer returns. In conjunction with the issuance of this proposed rule, the Committee's revised marketing policy statement for the 2017–2018 marketing year has been reviewed by USDA. The Committee's marketing policy statement, a requirement whenever the Committee recommends implementing volume regulations or recommends revisions to existing volume regulations, meets the intent of § 985.50. During its discussion of revisions to the 2017–2018 salable quantities and allotment percentages, the Committee considered: (1) The estimated quantity of salable oil of each class held by producers and handlers; (2) the estimated demand for each class of oil; (3) the estimated production of each class of oil; (4) the total of allotment bases of each class of oil for the current marketing year and the estimated total of allotment bases of each class for the ensuing marketing year; (5) the quantity of reserve oil, by class, in storage; (6) producer prices of oil, including prices for each class of oil; and (7) general market conditions for each class of oil, including whether the estimated season average price to producers is likely to exceed parity. Conformity with USDA's ''Guidelines for Fruit, Vegetable, and Specialty Crop Marketing Orders'' has also been reviewed and confirmed.

The proposed increase in the Native spearmint oil salable quantity and allotment percentage would account for the anticipated market needs for that class of oil. In determining anticipated market needs, the Committee considered changes and trends in historical sales, production, and demand.

Initial Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601–612), the Agricultural Marketing Service (AMS) has considered the economic impact of this action on small entities. Accordingly, AMS has prepared this initial regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf.

There are eight spearmint oil handlers subject to regulation under the Order, and approximately 41 producers of Scotch spearmint oil and approximately 94 producers of Native spearmint oil in the regulated production area. Small agricultural service firms are defined by the Small Business Administration (SBA) as those having annual receipts of less than $7,500,000, and small agricultural producers are defined as those having annual receipts of less than $750,000 (13 CFR 121.201).

Based on the SBA's definition of small entities, the Committee estimates that only two of the eight handlers regulated by the Order could be considered small entities. Most of the handlers are large corporations involved in the international trading of essential oils and the products of essential oils. In addition, the Committee estimates that 12 of the 39 Scotch spearmint oil producers and 31 of the 94 Native spearmint oil producers could be classified as small entities under the SBA definition. Thus, the majority of handlers and producers of Far West spearmint oil may not be classified as small entities.

The use of volume control regulation allows the spearmint oil industry to fully supply spearmint oil markets while avoiding the negative consequences of over-supplying these markets. Without volume control regulation, the supply and price of spearmint oil would likely fluctuate widely. Periods of oversupply could result in low producer prices and a large volume of oil stored and carried over to future crop years. Periods of undersupply could lead to excessive price spikes and drive end users to source flavoring needs from other markets, potentially causing long-term economic damage to the domestic spearmint oil industry. The Order's volume control provisions have been successfully implemented in the domestic spearmint oil industry since 1980 and provide benefits for producers, handlers, manufacturers, and consumers.

This proposed rule would increase the quantity of Native spearmint oil that handlers may purchase from, or handle on behalf of, producers during the 2017–2018 marketing year, which ends May 31, 2018. The 2017–2018 Native spearmint oil salable quantity was initially established at 1,075,051 pounds and the allotment percentage initially set at 44 percent. This proposed rule would increase the Native spearmint oil salable quantity to 1,514,902 pounds and the allotment percentage to 62 percent.

Based on the information and projections available at the September 25, 2017, and October 25, 2017, meetings, the Committee considered several alternatives to this increase. The Committee considered leaving the salable quantity and allotment percentage unchanged, and also considered other potential levels of increase. The Committee reached its recommendation to increase the salable quantity and allotment percentage for Native spearmint oil after careful consideration of all available information and input from all interested industry participants, and believes that the levels recommended would achieve the desired objectives. Without the increase, the Committee believes the industry would not be able to satisfactorily meet market demand.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581–0178 (Generic Specialty Crops). No changes are necessary in those requirements as a result of this action. Should any changes become necessary, they would be submitted to OMB for approval.

This proposed rule would relax the volume regulation requirements established under the Order. Accordingly, this action would not impose any additional reporting or recordkeeping requirements on either small or large spearmint oil handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

AMS is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

USDA has not identified any relevant Federal rules that duplicate, overlap or conflict with this action.

In addition, the Committee's meeting was widely publicized throughout the Far West spearmint oil industry and all interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. The September 25, 2017, and October 25, 2017, meetings were public and all entities, both large and small, were able to express views on this issue. Finally, interested persons are invited to submit comments on this proposed rule, including the regulatory and information collection impacts of this action on small businesses.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: *http://www.ams.usda.gov/rules-regulations/moa/small-businesses.* Any questions about the compliance guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

A 15-day comment period is provided to allow interested persons to respond to this proposal. Fifteen days is deemed appropriate because handlers are aware of this action, which was recommended by the Committee at a public meeting, and the subject matter of this proposal is not complex. All written comments timely received will be considered before a final determination is made on this matter.

List of Subjects in 7 CFR Part 985

Marketing agreements, Oils and fats, Reporting and recordkeeping requirements, Spearmint oil.

For the reasons set forth in the preamble, 7 CFR part 985 is proposed to be amended as follows:

PART 985—MARKETING ORDER REGULATING THE HANDLING OF SPEARMINT OIL PRODUCED IN THE FAR WEST

■ 1. The authority citation for 7 CFR part 985 continues to read as follows:

Authority: 7 U.S.C. 601–674.

[Subpart Redesignated as Subpart A]

■ 2. Redesignate ''Subpart—Order Regulating Handling'' as ''Subpart A—Order Regulating Handling''.

[Subpart Redesignated as Subpart B and Amended]

■ 3. Redesignate ''Subpart—Administrative Rules and Regulations'' as subpart B and revise the heading to read as follows:

Subpart B—Administrative Requirements

■ 4. In § 985.236, revise paragraph (b) to read as follows:

§ 985.236 Salable quantities and allotment percentages—2017–2018 marketing year.

* * * * *

(b) Class 3 (Native) oil—a salable quantity of 1,514,902 pounds and an allotment percentage of 62 percent.

Dated: November 28, 2017.

Bruce Summers,

Acting Administrator, Agricultural Marketing Service.

[FR Doc. 2017–25965 Filed 11–30–17; 8:45 am]

BILLING CODE 3410–02–P

LIBRARY OF CONGRESS

U.S. Copyright Office

37 CFR Part 201

[Docket No. 2005–6]

Statutory Cable, Satellite, and DART License Reporting Practices

AGENCY: U.S. Copyright Office, Library of Congress.

ACTION: Notice of proposed rulemaking.

SUMMARY: The U.S. Copyright Office (''Office'') is seeking comment on proposed rules governing the royalty reporting practices of cable operators under section 111 and proposed revisions to the Statement of Account forms, and on proposed amendments to the Statement of Account filing requirements. With this Notice of Proposed Rulemaking, the Office intends to resolve issues raised in an earlier Notice of Inquiry directed towards cable reporting practices,[1] as well as address additional issues that have subsequently arisen. Further, to the extent this rulemaking proposes changes to the Office's section 111 regulations governing the processing of refunds, supplemental or amended payments, or calculation of interest, as well as case management procedures, the Office proposes similar changes with regard to the regulations governing the statutory licenses for satellite carriers and digital audio recording devices or media.

DATES: Written comments must be received no later than 11:59 p.m. Eastern Time on January 16, 2018.

ADDRESSES: For reasons of government efficiency, the Copyright Office is using the *regulations.gov* system for the submission and posting of public comments in this proceeding. All comments are therefore to be submitted electronically through *regulations.gov.* Specific instructions for submitting comments are available on the Copyright Office Web site at *https://copyright.gov/rulemaking/section111.* If electronic submission of comments is not feasible due to lack of access to a computer and/or the internet, please contact the Office using the contact information below for special instructions.

FOR FURTHER INFORMATION CONTACT: Sarang V. Damle, General Counsel and Associate Register of Copyrights, by email at *sdam@loc.gov,* Regan A. Smith, Deputy General Counsel, by email at *resm@loc.gov,* or Anna Chauvet, Assistant General Counsel, by email at *achau@loc.gov,* or any of them by telephone at 202–707–8350.

SUPPLEMENTARY INFORMATION:

I. Background

Section 111 of the Copyright Act (''Act''), title 17 of the United States Code, provides cable operators with a statutory license to retransmit a performance or display of a work embodied in a ''primary transmission'' made by a television station licensed by the Federal Communications Commission (''FCC''). Cable operators that retransmit broadcast signals in accordance with this provision are required to pay royalty fees to the Copyright Office (''Office''), among other requirements. Payments made under section 111 are remitted semi-annually to the Office, which invests the royalties in United States Treasury securities pending distribution of these funds to copyright owners eligible to receive a share of the royalties.[2] In conjunction with royalty payments, cable operators must also complete and file statements of account (''SOAs''), which provide a record regarding the cable operators' retransmissions and royalty payments to ''promote uniform and accurate reporting, assist cable operators in meeting their obligations under the Act and regulations, and aid copyright owners, the Copyright Office, and the Copyright [Royalty Judges] in reviewing and using the information provided.''[3] Information provided on SOAs includes, among other things, the number of channels on which the cable system made secondary transmissions, the number of subscribers to the cable system, and the gross amount paid to the cable system by subscribers for the basic service of providing secondary transmissions.[4] Cable operators file the SOAs with the Office using an appropriate form provided by the Office.[5]

[1] 71 FR 45749 (Aug. 10, 2006).

[2] The Office distributes those royalties in accordance with periodic distribution orders entered by the Copyright Royalty Board.

[3] 42 FR 61051, 61054 (Dec. 1, 1977) (explaining benefits of using a standard SOA form, referencing the Copyright Royalty Tribunal, a precursor to the current Copyright Royalty Judges system).

[4] 37 CFR 201.17(e)(5)–(7).

[5] *Id.* 201.17(d). The SOA forms are available in PDF and Excel format on the Office's Web site at *https://www.copyright.gov/licensing/sec_111.html.*