

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farm Service Agency  
100 USDA, Suite 102  
Stillwater, OK 74074

For: County Offices

**Interim Implementation of EQIP Resulting From the 2002 Farm Bill**

Approved by: State Executive Director



**1 Overview**

**A Purpose**

This notice:

- transmits interim implementation process for EQIP agreed to by FSA and NRCS
- obsoletes OK Notice CONOP-57

**2 Joint Memorandum**

**A Memorandum**

Exhibit 1 provides a joint FSA/NRCS memorandum on interim implementation of EQIP. Additionally, the memorandum provides the revised EQIP Appendix.

**3 FSA EQIP Responsibilities**

**A Contract**

All EQIP contract administration has been transferred to NRCS. Procedure to transfer EQIP contracts to NRCS will be issued in a future notice.

Continued on the next page

<b>Disposal</b> August 1, 2003	<b>Distribution</b> County Offices
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**OK Notice CONOP-60**

**3 FSA EQIP Responsibilities (Continued)**

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**B  
Responsibilities**

FSA will no longer:

- be involved in concurrence on EQIP processes
- select applications for plan development
- approve contracts and contract modifications (which includes EOA)
- determine violation of contract terms
- determine to terminate contracts, including whether to waive refunds and liquidated damages
- authorize the disbursement of funds on the CCC-1245
- prepare and sign letters to producers notifying them of applications or contract actions such as: contract approval, contract cancellation, application deferral or disapproval, and ensuring contracts are not signed on behalf of CCC in excess of allocations
- determine appealable or non-appealable items or write associated letters
- obtain signatures on CCC-1200 Appendix.

FSA will continue to:

- remain members of the local work group
  - disburse EQIP payments to producers
  - be involved in the administrative appeal process
  - maintain ledgers and funds tracking of allocations and obligations
- 

**C  
EQIP  
Payments**

FSA will no longer authorize on the CCC-1245, block 25, EQIP payments. An NRCS employee, designated by the NRCS State Conservationist, will authorize payment by signing in block 25 of the CCC-1245. The local FSA will be provided a letter of the NRCS County employee that will authorize EQIP payments.

Based on this interim procedure, FSA shall immediately cease making EQIP payments until the CCC-1245 payment is authorized by the NRCS designated employee. CCC-1245s, submitted by producers for EQIP payment, shall be provided to NRCS for payment authorization. FSA shall maintain the paid document (CCC-1245) in the contract file until notified to transfer the contract file.

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**D  
Ledger  
Balances**

Each FSA county office with a FY 2002 EQIP allocation shall, upon receipt of this notice, determine the amount of unobligated funds. Immediately notify the NRCS DC, by memorandum, of the unobligated funds balances.

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OK NOTICE CONOP-60

Exhibit 1

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United States Department of Agriculture



Natural Resources Conservation Service  
P.O. Box 2890  
Washington, D.C. 20013

SUBJECT: MGT - Interim Implementation of  
Environmental Quality Incentives Program  
(EQIP) Resulting from the 2002 Farm Bill

Date: JUL 18 2002

TO State Conservationists, NRCS  
State Executive Directors, FSA

File Code: 330

This joint memorandum provides additional guidance for FY2002 contracts and supercedes relevant sections in the current EQIP manual. File this memo and attachments with the EQIP manual.

1. Revised CCC1200 Appendix

The revised CCC1200 Appendix is attached. All new and revised FY2002 EQIP contracts must include this revised CCC-1200 Appendix signed by the producer. NRCS is responsible for obtaining the producer's signature. If an existing FY2002 contract is going to be revised to include the new provisions of the 2002 Farm Bill, the producer must sign the revised appendix and NRCS must approve the revised contract.

2. Handling of FY2002 EQIP Contracts and Applications

The EQIP Notice of Availability (text attached) to be published soon in the Federal Register, allows approved FY2002 EQIP contracts to be revised to allow the producer to take full advantage of the EQIP provisions contained in the 2002 Farm Bill. Producers with FY2002 contracts should be informed that they have the option to keep the contract as is or revise it to include the new provisions. Just as contracts can be revised, FY2002 applications can and should be revised at the option of the producer.

All new contracts and revised FY2002 contracts, must meet all requirements of the new Farm Bill such as the development and implementation of a CNMP on contracts with waste storage/treatment facilities. Revised contracts shall be funded before any new 2002 EQIP contracts. Before approving a revised or new contract, the Designated Conservationist will check with the FSA County Office to ensure that sufficient unobligated funds are available. See item # 4.

3. FSA Responsibilities

FSA offices shall continue to provide services for all previous year EQIP contracts and FY2002 applications and contracts funded by the initial FY2002 allocation,

## OK NOTICE CONOP-60

Exhibit 1

State Conservationists  
State Executive Directors

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EXCEPT for concurrence; program responsibilities that transferred to NRCS as provided in Notice CONOP-14, paragraph 3B; tasks directly related to those transferred responsibilities; and authorization to disburse funds on CCC-1245 as provided in Item 6 below. Tasks directly related to those transferred responsibilities include preparing and signing letters to producers notifying them of contract approval or cancellation and application deferral or disapproval, and ensuring contracts are not signed on behalf of CCC in excess of allocations.

The reimbursable agreement covering FSA administrative services to be provided for FY2002 EQIP contracts funded by the additional allocation is being negotiated at the national level. Once the reimbursable agreement is signed, it is anticipated that State and county FSA offices and State and local NRCS offices will be notified of the tasks for which each agency is responsible.

#### 4. Fund Tracking

Agreement with FSA has transferred the authority to approve contracts, contract modifications, contract terminations and authorizations for payment (CCC-1245) to NRCS. NRCS assumed the authority of signing contracts and ensuring that funds will not be over-obligated. FSA will continue to maintain the ledgers to provide funds tracking of allocations and obligations.

For initial FY2002 allocations, upon receipt of this memo, each county FSA office shall determine the amount of unobligated funds on the ledger and provide this information to the Designated Conservationist. Before signing contracts the Designated Conservationist will check with the county FSA office to ensure sufficient funds are available. Before signing the CCC-1245 to authorize the disbursement of payment for the last practice on a contract, the Designated Conservationist will check with the county FSA office to ensure that sufficient funds remain in the contract or, if not, to initiate a EOA request, if applicable. After the fiscal year in which a contract is approved, funds may be increased to a contract only for approved errors, omissions and appeals.

#### 5. Authorized Local Agent (Designated Conservationist)

Agreement with FSA has transferred the authority to approve contracts, contract modifications and authorizations for payment (block 25 on the CCC-1245) to NRCS. The NRCS State Conservationist will, for each FSA jurisdiction, designate an NRCS employee who has authority to approve contracts, contract modifications, contract terminations and authorize payments. Since FSA will be disbursing EQIP payments upon receipt of a CCC-1245 signed only by the Designated Conservationist, it is required that NRCS IMMEDIATELY provide each FSA office a list of authorized signatures.

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Exhibit 1

State Conservationists  
State Executive Directors

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**6. Payment Limits and Animal Unit Limits are not Discretionary**

The EQIP sections of the 2002 Farm Bill provide the Secretary with discretion for many decisions; e.g. 1240B(d)(2)(B) cost-share rate: ...shall not be more than 75 percent of the cost of the practice, as determined by the Secretary.

Two areas without discretion include: first, the amount of EQIP funding that a producer may receive in one or from multiple EQIP contracts is \$450,000. There is no authority to set the limitation at less than \$450,000. Second, there is no authority to limit access to program benefits because of the number of animal units on the operation. All animal operations, regardless of size, are eligible for all EQIP program benefits.

**7. Limited Resource Producers and Beginning Farmers**

The 2002 Farm Bill gives the Secretary discretion to provide Limited Resource Producers and Beginning farmers up to 90 percent cost-shares for structural practices. This provision will not be available for the remainder of FY2002 and will be implemented when the revised EQIP rule is finalized sometime in early FY2003.

**8. EQIP Contracts per Tract**

The 1996 EQIP Rule (7CFR1466) limits to one the number of active EQIP contracts on a tract. Both the 1996 and 2002 Farm Bills are silent on this issue, therefore, this provision in the rule has not been changed. It is anticipated that the revised rule will allow more than one contract per tract and this provision will be implemented when the revised EQIP rule is finalized in FY2003.

**9. Comprehensive Nutrient Management Plan Requirements**

The 2002 Farm Bill requires that confined livestock feeding operations and any contract that includes an animal manure management system will provide for the development and implementation of a comprehensive nutrient management plan. The Managers language says "all livestock producers that receive funding for animal waste manure systems must have a comprehensive nutrient management plan. The Managers believe that there will be few cases in which a comprehensive nutrient management plan will not be required. The Managers recognize the importance of comprehensive nutrient management plans for the proper use and storage of animal waste and for that reason require these plans."

All animal feeding operations that receive EQIP funds for animal manure and wastewater storage and handling systems must develop and implement a comprehensive nutrient management plan (CNMP). The CNMP requires proper use of the animal manure and wastewater, regardless of land base, through nutrient management and/or other manure and wastewater utilization options.

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Exhibit 1

State Conservationists  
State Executive Directors

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**10. Appeals**

It is anticipated that appeals will continue to be handled according to Handbook 1-APP and CPM, Part 510. NRCS non-technical appeals will be handled in the same manner as technical appeals. Notification of non-appealable EQIP issues shall be made by NRCS.

The authorizing language in the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Section 226, provides that for any adverse decision made under Title XII Conservation Programs of the Food Security Act of 1985, including technical determinations made by NRCS, FSA shall have initial jurisdiction over the administrative appeal.

**11. EQIP Rule**

After the 2002 Farm Bill was signed we anticipated that there would be an Interim Final Rule for EQIP published by August 12, 2002. A program can be operated under an interim rule. Since then, it has been decided that CCC will issue a Notice of Availability for implementation of FY2002 EQIP and will publish a proposed rule for EQIP this fall with a final rule sometime in FY2003, possibly early in calendar year 2003. A program cannot be implemented under a proposed rule.

  
MARK W. BERKLAND  
Director  
Conservation Operations Division

  
ROBERT STEPHENSON  
Director  
Conservation and Environmental  
Programs Division

Attachments

RERODUCE LOCALLY. Include form number and date on all reproductions.7/17/2002

**CCC-1200 (Appendix)**  
(7-15-2002)

Form Approved OMB No. 0560-0174  
See CCC-1200 for Privacy Act and  
Public Burden Statements

U. S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

**APPENDIX TO FORM CCC-1200  
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM CONTRACT**

**1 ELIGIBILITY REQUIREMENTS FOR ENVIRONMENTAL QUALITY INCENTIVES PROGRAM (EQIP)**

- A** By signing the EQIP contract, the participant certifies that such participant will control the land subject to the contract for the contract period and shall, upon demand, provide evidence to CCC demonstrating that such participant will control the land for that period.
- B** A participant shall not be eligible for cost-share or incentive payments on practices on eligible land if the participant receives or has received cost-share payments or other benefits for the same practice on the land under the Conservation Reserve Program (7 CFR Parts 704 or 1410), Wetlands Reserve Program (7 CFR Parts 703, 620, or 1467) or Environmental Quality Incentives Program (7 CFR 1466).
- C** Land otherwise eligible for the EQIP shall not be eligible if the land is subject to a deed or other restriction prohibiting the application of the conservation plan and associated practices or where a benefit has or will be obtained from a Federal agency in return for the participant's agreement not to implement the conservation plan and associated practices on the land during the same time as the land would be enrolled in the EQIP. By applying for the EQIP contract, the participant certifies as a condition for payment that no such restrictions apply to such land.

**2 SELECTING OFFERS FROM PRODUCERS**

- A** All applications will be evaluated using a selection process developed locally by the State Conservationist or Designated Conservationist, with advice from the State Technical Committee or Local Work Group.

**3 AGREEMENT**

- A** The participant agrees:
- (1) That the CCC-1200 (EQIP contract ) and its addenda shall be considered a request to enter into the Environmental Quality Incentives Program on the terms specified on CCC-1200 and its addenda;
  - (2) To place eligible land into the EQIP for a period of time as specified on the CCC-1200 (not less than one year after the last practice is installed and not to exceed 10 years), from the date the contract is executed by CCC;

- (3) Not to start any financially assisted practice before the contract is executed by CCC. The participant may be granted a waiver to this requirement by the NRCS State Conservationist or designee;
- (4) To comply with the terms and conditions of the EQIP plan of operations and all Federal, State, and local laws that apply to the plan content;
- (5) To establish, maintain for required lifespans, and replace, as specified in the contract, the practices agreed to in the EQIP plan of operations;
- (6) Not to undertake any action on land under the participant's control which tends to defeat the purposes of this contract, as determined by CCC;
- (7) To discontinue work in the general area of the site and notify NRCS immediately if during the construction of any practice a previously unidentified archeological or historical site is encountered;
- (8) To maintain proof of payment documentation, if applicable, for 3 years after the end of the fiscal year in which the practice was completed and to present this documentation to CCC within 30 days if selected for administrative compliance check; and
- (9) For contracts that include a waste storage or treatment facility, to develop and implement all practices identified in a comprehensive nutrient management plan; or
- (10) For contracts funded under section 1240I, Surface and Ground Water Conservation, to implement a program of conservation measures that will result in a net savings of ground and surface water resources in the agricultural operation of the producer.

**B** CCC agrees, subject to the availability of funds, to:

- (1) Share the cost with owners and operators of establishing an eligible practice, or an identified unit thereof, agreed to in the contract;
- (2) Reimburse the cost of developing a comprehensive nutrient management plan including the siting of and design of a waste storage/treatment facility if the plan and design is prepared by a certified third party vendor.
- (3) Pay to the participant an interest penalty on cost-share and incentive payments not made by the date, as determined by CCC, the payment is due.

#### **4 ENVIRONMENTAL QUALITY INCENTIVE PLAN OF OPERATIONS**

**A** By signing the EQIP contract, the participant agrees to implement the practices specified in said contract on the land specified.

**5 PAYMENTS**

- A** Subject to the availability of funds, cost-share and incentive payments, as approved by CCC, shall be made available upon a determination by CCC that an eligible practice, or an identifiable unit thereof, has been established in compliance with the EQIP plan of operations and with appropriate standards and specifications.
- B** Subject to the availability of funds, reimbursement of the technical assistance cost of developing a comprehensive nutrient management plan (CNMP) including the siting of and design of a waste storage/treatment facility if the plan and design is prepared by a certified third party vendor, as approved by CCC, shall be made available upon a determination by CCC that a plan and design has been established in compliance with NRCS stands and specifications.
- C** CCC will make cost-share and incentive payments, as approved by CCC, available to the participant at the rate specified in the EQIP contract.
- D** Except as otherwise provided for in this paragraph, cost-share and incentive payments, as approved by CCC, may be made available under the EQIP only for the establishment or application of an eligible practice. In order to receive cost-share and incentive payments or reimbursement of technical assistance for a CNMP provided by a certified third party vendor, as approved by CCC, the participant, upon certification of the completion practice, must file Form CCC-1245 with CCC at the USDA Service Center responsible for the administration of the participant's farm records.

**6 PROVISIONS RELATING TO TENANTS AND LANDLORDS**

Notwithstanding Paragraph 13, no payment will be approved for the current year if CCC determines that any of the following conditions exist:

- A** The landlord or operator has not given the tenants that have an interest in the unit of concern covered by the conservation plan, or that have a lease that runs through the CCC-1200 period at the time of sign up, an opportunity to participate in the benefits of the program;
- B** The landlord or operator has adopted any other scheme or device for the purpose of depriving any tenant of any benefits to which such tenant would otherwise be entitled. If any such conditions occur or are discovered after payments have been made, all or any part of the payments, as determined by CCC, must be refunded with interest and no further payments shall be made.

**7 ERRONEOUS REPRESENTATION AND SCHEME AND DEVICE**

- A** A participant who is determined to have erroneously represented any fact affecting a determination with respect to this contract and the regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract, will not be entitled to payments or any other benefits made in accordance with this contract and the participant must refund to CCC all

payments received by such participant, plus interest and liquidated damages thereon, with respect to the contract.

- B** Refunds determined to be due and owed to CCC in accordance with this contract will bear interest at the rate which CCC is required to pay for its borrowing from the United States Treasury on the date of the disbursement by CCC of the moneys to be refunded. Interest will accrue from the date of such disbursement by CCC.
- C** The provisions of paragraph 7A of this Appendix shall be applicable in addition to any liability under criminal and civil fraud statutes, including 18 U.S.C. 268, 287, 371, 641, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, or any other liability to which the participant may be subject.

## **8 NOTIFICATION OF CHANGES TO TERMS AND CONDITIONS OF THE CONTRACT**

CCC agrees that if any changes of any terms and conditions of this contract, including changes necessary to reconcile the technical practices listed on the CCC-1200 to those specified in the conservation plan, become necessary prior to the date that this contract is approved on behalf of CCC, CCC will notify the persons signing the CCC-1200 of such change and such person will be given 10 days from the date of notification in which to agree to the revised terms and conditions or to withdraw from the contract request. The participant agrees to notify the CCC of an intention to withdraw from the contract request within 10 days from the date of the issuance of such notice and further agrees that failure to notify the CCC will constitute agreement to the revised terms and conditions.

## **9 CORRECTIONS**

CCC reserves the right to correct all errors in entering data or the results of computations in the contract.

## **10 TERMINATION OF CONTRACT**

If a participant fails to carry out the terms and conditions of this contract but CCC determines that such failure does not warrant termination of this contract, CCC may require such participant to refund, with interest, payments received under this contract, or require the participant to accept such adjustments in the subsequent payments as are determined to be appropriate by CCC.

## **11 CONTRACT MODIFICATIONS**

CCC may modify this contract to add, or substitute certain practices when:

- A** (1) The installed practice failed to adequately treat a unit of land or water through no fault of the participants;
- (2) The installed practice would cause adverse impacts to significant cultural and environmental resources identified in the conservation plan, or those discovered as a result of installation;

- (3) The installed measure has deteriorated because of conditions beyond the control of the participants; or
  - (4) Another practice will achieve at least the same level of environmental benefits.
- B** Additional conservation practices and/or land area is added to the contract provided the modification meets the identified resource concern and does not exceed any payments limitations.
- C** Both the participant and the State Conservationist or designee agree to this modification.

## **12 EFFECTIVE DATE AND CHANGES TO CONTRACT**

- A** The EQIP contract is effective when signed by the participants and an authorized representative of CCC. Except as otherwise determined by CCC, the contract may not be revoked or revised unless by mutual agreement between the parties. Within the dates established by CCC, the contract must be signed by all required participants.

In the event that a statute is enacted during the period of this contract which would materially change the terms and conditions of this contract, the CCC may require the participants to elect between acceptance of modifications in this contract consistent with the provisions of such statute or termination of this contract.

- B** The EQIP contract shall be carried out in accordance with all Federal statutes and regulations, included but not limited to the National Environmental Policy Act, the Endangered Species Act, National Historic Preservation Act, Title VI and VII of the Civil Rights Act of 1964, as amended, the Civil Rights Restoration Act of 1987, other nondiscrimination statutes, and the regulations of the Secretary of Agriculture found at 7 CFR Part 15, Subparts A & B. The CCC may, without incurring liability for breach of the contract, terminate the EQIP contract, in whole or in part, if CCC determines that continued operation of the contract will result in the violation of a Federal statute or regulation, or if CCC determines that termination would be in the public interest.

## **13 REGULATIONS TO PREVAIL**

The regulations in 7 CFR Part 1466 for the EQIP are incorporated herein. In the event of a conflict between these regulations and the terms of this Appendix, the provisions of the regulations will prevail.

By signing the EQIP contract, the participant certifies that he/she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance while conducting any activity associated with the EQIP contract. This certification is a material representation of fact upon which reliance was placed when CCC determined to award this EQIP contract. If it is later determined that the participant knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act (Public Law 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.; 7 CFR part 3017, Subpart F, Section 3017.600) CCC, in addition to any other remedies available to the United States, may take action authorized under the Drug-Free Workplace Act.

The following owners, operators, and producers by entering their signature acknowledge receipt of this Appendix to CCC-1200 and agree to the terms and conditions thereof. Further if the undersigned are succeeding to an existing EQIP contract, the undersigned agree and certify that no agreement exists or will be entered into between the undersigned, the previous owner and operator of the property, or mortgage holder that would, maintain or create an interest in the property in any previous participant on the EQIP contract for that property, or to receive payments under the contracts.

\_\_\_\_\_ Date \_\_\_\_\_

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Billing Code 3410-16  
DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation  
Environmental Quality Incentives Program.

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Notice of availability of program funds for the Environmental Quality Incentives Program.

SUMMARY: The Farm Security and Rural Investment Act of 2002 (the 2002 Act), Public Law 107-171, increased the funding authorized to implement the Environmental Quality Incentives Program (EQIP). The Commodity Credit Corporation (CCC) administers EQIP under the general supervision of the Chief of the Natural Resources Conservation Service (NRCS), who is one of the vice presidents of CCC. CCC hereby announces the availability of up to an additional \$200 million in fiscal year (FY) 2002 funds to provide technical, financial, and educational assistance under EQIP for farmers and ranchers to promote agricultural production and environmental quality as compatible national goals for working agricultural lands. CCC also announces the availability of up to an additional \$25 million of EQIP funds in FY 2002 to provide technical and financial assistance for ground and surface water conservation. Finally, CCC announces the availability of up to an additional \$50 million of EQIP funds to carry out water conservation activities in the Klamath Basin in California and Oregon.

This notice applies only to funds made available and obligated in FY 2002. CCC will, at a later date, issue a proposed rule for FY 2003 through FY 2007 program implementation. The proposed rule will address and seek comment on a number of issues including: the process for establishing national priorities and criteria for optimizing environmental benefits, the administration of incentive payments and their potential for promoting innovation and technological improvements and rewarding performance, the process of allocating and focusing funding at state and local levels, and the systematic evaluation of program performance. It will also consider other issues including creation of an innovative grant program, integration of air quality as a program goal, and the ground and surface water conservation program.

DATES: [Insert date of publication] to September 30, 2002.

FOR FURTHER INFORMATION CONTACT: Mark W. Berkland, Director, Conservation Operations Division, Natural Resources Conservation Service, P.O. Box 2890, Washington, DC 20013; (202) 720-1845; fax: (202) 720-4265. Submit electronic requests for additional information to: [mark.berkland@usda.gov](mailto:mark.berkland@usda.gov).

**SUPPLEMENTARY INFORMATION:**

CCC hereby announces the availability of up to an additional \$200 million in FY 2002 funds to provide technical, financial, and educational assistance under EQIP, 16 U.S.C. 3839aa, for farmers and ranchers to promote agricultural production and environmental quality as compatible goals for working agricultural lands. CCC announces the availability of up to an additional \$25

million of EQIP funds in FY 2002 to provide technical and financial assistance for ground and surface water conservation. Finally, CCC announces the availability of up to an additional \$50 million of EQIP funds to carry out water conservation activities in the Klamath Basin in California and Oregon.

EQIP assistance promotes agricultural production and environmental quality as compatible goals, and strives to optimize environmental benefits. Through EQIP, CCC provides flexible technical, financial, and educational assistance to producers to install and maintain conservation systems that enhance soil, water, air quality, related natural resources, and wildlife while sustaining production of food and fiber. The statutory purposes for EQIP are to promote agricultural production and environmental quality as compatible goals and to optimize environmental benefits.

### Background

EQIP was initially authorized by amendments made by the Federal Agriculture Improvement and Reform Act of 1996, Public Law 104-127 (the 1996 Act), to the Food Security Act of 1985, Public Law 99-198 (the 1985 Act). Since FY 1996, CCC has implemented EQIP through regulations promulgated at 7 CFR Part 1466. These regulations continue to govern contracts entered into with funds made available prior to the passage of the Farm Security and Rural Investment Act of 2002, Public Law 107-171 (the 2002 Act). Producers who entered into EQIP contracts in FY 2002 prior to May 13, 2002, may modify their FY 2002 contracts to avail themselves of the changes made by the 2002 Act.

CCC administers EQIP funds under the general supervision of the Chief of the Natural Resources Conservation Service (NRCS), who is a vice president of CCC. The Farm Service Agency (FSA) provides support for program administrative processes.

### Implementation of the 2002 Act in Fiscal Year 2002

Section 2301 of the 2002 Act made several changes to the implementation of EQIP that must be applied in order to implement the program in Fiscal Year 2002. CCC shall implement these statutory provisions in contracts entered into with the funds made available by the 2002 Act for FY 2002 and described in this notice of availability. CCC will implement these new EQIP contracts in accordance with the program regulations found at 7 CFR Part 1466 as conditioned by the changes required by the 2002 Act. Where there are inconsistencies or conflicts between the statute and regulations, the statutory provisions will prevail. The 2002 Act made the following changes to the implementation of EQIP necessary for Fiscal Year 2002:

1. The process of designating conservation priority areas has been eliminated and will no longer be used.
2. The requirement to maximize environmental benefits per dollar spent has been eliminated. In accordance with the 2002 Act, CCC will seek to optimize environmental benefits as determined by the NRCS State Conservationist with advice from the State Technical Committee.

3. If the environmental values of two or more applications are comparable, CCC will not assign a higher priority to an application simply because it would present the least cost to the program.

4. In evaluating applications, CCC will accord a higher priority to applications that encourage the use of cost-effective conservation practices and address national conservation priorities.

5. The limitation on the size of livestock operations eligible to receive financial assistance has been removed. All livestock operations are now eligible to receive financial and technical assistance as long as all other eligibility criteria are met. The 2002 Act also increased from 50 percent to 60 percent the total amount of funding to be obligated nationally for livestock practices. Thus the regulatory provisions found at 7 CFR 1466.4(e), 1466.7(b), and related limitations will not apply to new contracts entered into or modified under the 2002 Act.

6. CCC is now authorized to make incentive payments to producers to develop comprehensive nutrient management plans for confined livestock feed operations. In the case of a confined livestock feeding operation, to be eligible to receive cost-share payments or incentives payments for animal waste management under EQIP, a producer must submit a plan of operations that provides for developing and implementing a comprehensive nutrient management plan.

7. An EQIP contract must extend at least one year after the implementation of the last practice, but not exceed a total of 10 years in duration. Additionally, a producer may now receive payment during the first year of the contract period.

8. Participants are now subject to different payment limitation requirements. An individual or entity may not receive, directly or indirectly, on the aggregate, \$450,000 for all EQIP contracts entered into by the individual or entity during the period of FY 2002 through FY 2007. Therefore, the current contract and payment limitations found at 7 CFR 1466.23(b) through (e) will not apply to new contracts entered into or modified under the 2002 Act. For a producer who inherits land under an EQIP contract during the contract period, the \$450,000 individual or entity payment limitation will not apply to the extent that the payments from any contract on the inherited land causes any heir who was party to an EQIP contract on other lands prior to the inheritance to exceed the annual limit.

With regard to EQIP contracts on Tribal land, Indian trust land, or Bureau of Indian Affairs (BIA) allotted land, payments exceeding the \$450,000 individual or entity payment limitation may be made to the Tribal venture if an official of the BIA or Tribal official certifies in writing that no one person directly or indirectly will receive more than the \$450,000 payment during the period of FY 2002 through FY 2007. BIA or Tribal officials will be required to submit a listing of individuals that are receiving any of the EQIP funding and identify how much each individual has received.

A broad purpose for EQIP continues to be assisting producers comply voluntarily with local, State, and national environmental quality regulatory requirements concerning soil, water, and air quality; wildlife habitat; and surface and ground water conservation.

### Application Process

CCC will consider for funding under this notice applications received throughout FY 2002. The State Conservationist, working with the State Technical Committee, will widely distribute information on the availability of assistance, State and local goals, and the information needed to submit applications.

The applicants must meet the definition of "person" as set out in Section 1001(5) of the 1985 Act, as amended, 7 U.S.C. 1308(5), as determined by the Farm Service Agency (FSA). Any cooperative association of producers that markets commodities for producers shall not be considered to be a person eligible for payment.

Applicants must submit an application (CCC-1200 form) to CCC to be considered for participation in EQIP. Any producer who has eligible land may obtain and submit by mail, fax, or electronically an application for participation in EQIP to a USDA service center. Producers who are members of a joint operation must file a single application for the joint operation. An NRCS conservationist will be available to work with the applicant to collect the information necessary to evaluate the application using the current State or locally developed ranking criteria.

Additional requirements and information pertaining to the EQIP program relating to contracts, administrative requirements, and other matters can be found on CCC form CCC-1200, the Conservation Program Contract, and the appendix to form CCC-1200, both of which are available at local USDA service centers. Information is also available on the World Wide Web at <http://www.nrcs.usda.gov/programs/farmbill/2002>.

### Civil Rights

NRCS and CCC have collected civil rights data on farmers/ranchers participating in conservation programs. Based on past participation, it is estimated that the funding being made available with this notice will not negatively or disproportionately affect minorities, women, or persons with disabilities who are program beneficiaries or applicants for program benefits in NRCS- or CCC-assisted programs.

### Environmental Evaluation

The Secretary of Agriculture will determine the actual level of funding for FY 2002 from funds made available under the 1985 Act, as amended by the 2002 Act. While the actual level of funding is unknown at this time, based on the participation in existing soil and water conservation programs, it is estimated that this assistance could result in approximately 25,000 contracts. The environmental effects of any proposed actions under the EQIP contracts will be evaluated on an individual basis. Such individual evaluation is used to determine whether further environmental analysis is required. An Environmental Assessment was prepared for EQIP in 19996 and it is anticipated that the effects from EQIP activities authorized in FY 2002 will not be significantly different than those identified in that assessment. Accordingly, neither an Environmental Assessment nor an Environmental Impact Statement has been prepared for this notice.

Signed in Washington, DC, on \_\_\_\_\_, 2002.

Bruce I. Knight  
Vice President  
Commodity Credit Corporation

and

Chief  
Natural Resources Conservation Service

**LETTER 1 – HOLDER OF APPROVED FY 2002 CONTRACT**

Date: \_\_\_\_\_, 2002

Producer  
 Any address  
 Anytown, XX XXXXX

Dear \_\_\_\_\_:

Your FY 2002 EQIP contract number \_\_\_\_\_ was approved on behalf of the Commodity Credit Corporation on \_\_\_\_\_. On May 13, President Bush signed into law the “Farm Security and Rural Investment Act of 2002,” Public Law 107-171 (2002 Farm Bill).

The purpose of this letter is to acquaint you with the major changes in EQIP provisions under the 2002 Farm Bill and inform you of your options. **Please note that unless you choose to modify your contract and sign a new EQIP contract appendix, the 2002 Farm Bill changes will not apply to your contract** except that your contract will count toward the \$450,000 aggregate payment limitation as noted below.

All States will receive additional EQIP funds for FY 2002. The funds must be obligated to EQIP contracts no later than September 30, 2002. Therefore, new applications are still being accepted for FY 2002 contracts and the new cutoff date for ranking is \_\_\_\_\_.

**Major changes to EQIP under the 2002 Farm Bill** include:

- An individual or entity may not receive, directly or indirectly, cost-share or incentive payments, in the aggregate, that exceed \$450,000 for all contracts entered into by the individual or entity during the period of fiscal years 2002 through 2007.

**Note:** There is no annual or per contract cost-share payment limitation for new EQIP contracts other than the \$450,000 aggregate payment limitation.

- Cost-share and incentive payments can be issued to a producer in the same year the contract is approved.
- EQIP applications will be ranked to optimize environmental benefits. The estimated EQIP funds needed for the contract will no longer be divided by the environmental points.
- “Buy down” provision has been eliminated. Applications offering less than the maximum cost-share rate, including zero, will not be accepted.
- The 10-day period to revise offers has been eliminated.
- After publication of new rule in the Federal Register, producers may be approved for more than one EQIP contract per tract.
- An EQIP contract may, at a minimum, end on the date that is 1 year after the date on which all practices under the contract have been implemented, as determined by USDA. Maximum

contract length is 10 years. An estimated contract ending date will be determined by the producer and NRCS representative when the application is developed. Actual contract ending date will be revised after the last practice on the contract has been certified completed by NRCS.

You have two options regarding your approved FY 2002 contract:

1. Comply with your contract as approved. Your 2002 EQIP contract is a valid contract. Funds have been obligated to the contract and you may proceed with practice implementation. Under this option, the contract would be subject to the terms and conditions of the EQIP appendix you signed when you submitted your application. These provisions include:
  - \$50,000 per contract and \$10,000 per person per year payment limitation
  - No payments can be issued before October 1, 2002
  - Contract is a minimum of 5 years in length
  - You will be required to carry out all practices on the contract, including any non cost-share practices.
2. Request to modify the contract to take full advantage of the EQIP changes in the 2002 Farm Bill. Contracts adding waste storage or waste treatment facilities must also provide for the development and implementation of a comprehensive nutrient management plan. You will be asked to sign a new EQIP contract appendix when this document is available.

**Note:** Regardless of which option you select, your FY 2002 contract will be subject to the new \$450,000 aggregate payment limitation for all contracts approved during the period FY 2002 through FY 2007 for cost-share or incentive payments paid directly or indirectly to an individual or entity

Additional information will be provided to you when more details are made available.

Sincerely,

Signature  
NRCS Designated Conservationist