

(iv) Such other information as may be necessary to assist the applicant in meeting the requirements of this section, including the conditions for proof of diversion.

(2) If the Committee determines that it cannot approve an application it shall notify the applicant promptly. The Committee shall state the reason(s) for failing to approve the application, and request the applicant to submit, if practicable, an amended application correcting the deficiencies in the original application.

(3) The Committee shall establish, and give prompt notice to the industry of a final date by which a producer or dehydrator may modify an approved application, including changing the method of diversion or the quantity of prune plums to be diverted: *Provided*, That any such change shall include information on the location or quantity of such diversion and shall be accompanied by a payment of a second deposit fee, calculated pursuant to paragraph (c)(1) or (c)(2), as applicable, of this section, plus a \$2 per ton service charge for any increase in tonnage to be diverted.

(4) If an applicant cancels an approved diversion application prior to diversion, no part of the deposit fee shall be refunded, except upon approval by the Committee following review of all circumstances in the matter.

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Dated: April 3, 2003.

A.J. Yates,

Administrator, Agricultural Marketing Service.

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DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

7 CFR Part 1465

RIN 0578-AA31

Agricultural Management Assistance Program

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Final rule.

SUMMARY: This final rule implements section 2501 of the Farm Security and Rural Investment Act of 2002 (the 2002 Act) which amended section 524 of the Federal Crop Insurance Act which permits CCC to fund the Agricultural Management Assistance (AMA) program. This final rule describes how NRCS intends to implement AMA as

authorized by the amendment in the 2002 Act.

EFFECTIVE DATE: May 9, 2003.

ADDRESSES: This rule may also be accessed via Internet. Users can access the Natural Resources Conservation Service (NRCS) homepage at <http://www.nrcs.usda.gov>; select Farm Bill 2002, and click on AMA Final rule.

FOR FURTHER INFORMATION CONTACT:

Dave Mason, Program Manager, Conservation Operations Division, NRCS, P.O. Box 2890, Washington, DC 20013-2890, telephone: (202) 720-1873; fax: (202) 720-4265; e-mail: dave.mason@usda.gov, Attention: Agricultural Management Assistance.

SUPPLEMENTARY INFORMATION:

Discussion of Program

Section 2501 of the Farm Security and Rural Investment Act of 2002 (the 2002 Act) amended section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524) to permit CCC to fund the Agricultural Management Assistance (AMA) program at the amount of \$20,000,000 for each of the fiscal years 2003 through 2007. Section 524(b) of the Federal Crop Insurance Act of 2000, as amended by section 133 of the Agricultural Risk Protection Act of 2000, authorized the AMA program.

As provided by section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524), as amended by the 2002 Act, the funds, facilities, and authorities of the Commodity Credit Corporation (CCC) are available to NRCS for carrying out AMA. (The Chief of the NRCS is vice-president of the CCC.) Accordingly, where NRCS is mentioned in this rule, it also refers to the CCC's funds, facilities, and authorities where applicable.

The Commodity Credit Corporation (CCC) administers the funds under the general supervision of a Vice President of the CCC who is the Chief of the Natural Resources Conservation Service (NRCS). These funds will be used annually for cost share assistance to producers in 15 States in which participation in the Federal Crop Insurance Program is historically low. The 15 States include Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming. The cost share assistance will encourage and assist producers in the selected States to adopt natural resources conservation practices and investment strategies that will reduce or mitigate risks to their agricultural enterprises.

NRCS will use an allocation formula to determine the amount of funds that each state will receive that have been weighted to meet National objectives for the AMA conservation program. The formula used to determine allocation of funds to states consists of ranking factors of natural resource concerns. The formula is similar in nature to ones that have been used for other NRCS conservation programs.

However, this formula is primarily used to allocate funds to the states for practices that will mitigate a producer's risk of production through the implementation of resource conservation practices that reduce soil erosion, utilize integrated pest management principles and assist producers in transition to organic farming based operations. Production and marketing diversification is enhanced by utilizing integrated pest management principles by reducing and applying chemicals for production as needed. Producers who elect to eliminate chemical usage by converting to organic farming will be able to provide products to a growing sector of the American population whose daily diet consists partially or totally of organically produced food items. This allows producers to use marketing diversification as a tool to enhance their operations. AMA is targeted to 15 states that have been historically low in participation in programs that provide opportunities for producers to environmentally and financially implement conservation practices and marketing strategies to provide safeguards against the cyclic economic variances of the agricultural economy.

Other practices that producers may elect to implement include the opportunity to construct or improve watershed management or irrigation structures and plant trees to form windbreaks or improve water quality.

Based on national program objectives and state priorities and resource concerns, the State Conservationist in conjunction with advice from the State Technical Committee will determine which practices are eligible for program payments. The practices must meet the purposes set out in section 1465.1 of this rule.

The State Conservationist or designated conservationist with advice from the State Technical Committee and using a locally led process will rank and select applications for contracting based on the state-developed ranking criteria and ranking process. The NRCS representative will work with the applicant to collect the necessary information to evaluate the application using the ranking criteria.