

administer the program authorized by these regulations, are not subject to review by the Office of Management and Budget under the Paper Reduction Act.

Government Paperwork Elimination Act

The Farm Service Agency (FSA) is committed to compliance with the Government Paperwork Elimination Act (GPEA) and the Freedom to E-File Act, which require Government agencies in general and FSA in particular to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. The forms and other information collection activities required by participation in the Hard White Wheat Incentive Payment Program are not yet fully implemented for the public to conduct business with FSA electronically.

Applications for all programs may be submitted at the FSA county offices by mail or fax. At this time, electronic submission is not available. Full implementation of electronic submission is underway.

Executive Order 12612

It has been determined that this rule does not have sufficient Federalism implications to warrant the preparation of a Federalism Assessment. The provisions contained in this rule will not have a substantial direct effect on States or their political subdivisions, or on the distribution of power and responsibilities among the various levels of government.

Background

Section 1616 of the Farm Security and Rural Investment Act of 2002, (the 2002 Act), provides that a total of \$20,000,000 of CCC funds be used during the 2003 through 2005 crop years, to provide incentive payments to producers of hard white wheat. The 2002 Act also mandates that this program shall be implemented on not more than 2,000,000 acres or equivalent volume of production for the 2003 through the 2005 crop years. An equivalent volume of production has been determined to be 120,000,000 bushels, which is the product of 2,000,000 acres times 60 bushels per acre.

In the event that the 2,000,000 acre limitation is reached under this program before the \$20 million authorized for the program is distributed, the 120,000,000 million bushels shall become the cap for implementing the program.

The purpose of this program is to create an incentive for producers to plant hard white wheat of winter and for spring varieties, which would

subsequently increase production for both domestic and export markets. Payments under this program are available to producers in every State.

The Hard White Wheat Incentive Program (HWWIP) will provide two payments to producers: (1) an incentive payment of \$0.20 for each bushel of eligible hard white wheat production, with a maximum of 60 bushels per acre eligible for payment, and (2) a payment of \$2.00 per acre for certified seed. Producers do not have to plant certified seed to receive the production incentive payment.

With respect to the first payment, the reason for the 60 bushel per acre cap is to provide consistent payments to producers in the various geographic regions of the United States that have disparate hard white wheat production capabilities. Two payment options were considered. One, a direct payment per acre of production; and two, a direct payment for each bushel of production. Traditionally, hard white wheat yields in the Northwest growing region are significantly higher than in the Plains States. Accordingly, a per acre payment is not an equitable solution, nor does a payment based on production, with no limitation on the production eligible for payment, provide equitable assistance. Therefore, it was determined that a \$0.20 per bushel payment, with a 60 bushel per acre cap, will most equitably distribute payments and address production disparities across the hard white wheat growing areas. Also, it was determined that a bushel-based payment system would likely result in the production of more bushels of hard white wheat than will an acre-based payment system because it will attract more productive land. This incentive payment will be issued only if hard white wheat is actually produced and after production is verified by means of a settlement sheet or other similar documentation delivered to CCC.

In order to encourage purity and yield potential of the hard white wheat production, an additional incentive payment is provided in the amount of \$2.00 per acre for each acre a producer plants to 2003 through 2005 crops of hard white wheat with certified seed. Producers utilizing this option will be required to show proof that certified seed was planted on the reported acres. This additional payment is provided to help offset the added cost of the certified seed, and should increase the purity of the hard white wheat produced, decreasing the possibility that the seed used to plant the hard white wheat contains other types of wheat. This payment may be issued even if the crop subsequently fails and

no hard white wheat production is realized from the acreage planted to the certified seed.

Minimum quality standards have been determined to be U.S. #2 Hard White Wheat or better, as established by Federal Grain Inspection Service. A settlement sheet or other similar documentation is required before incentive payments may be issued and must indicate at a minimum: That the wheat accounted for on the document is hard white wheat; the grade of the hard white wheat; name and address of person the hard wheat was purchased from; net bushels; and name and address of purchasing facility. The settlement sheet shall be subject to verification by CCC.

Cost Benefit Assessment Summary

Hard White Winter Wheat Incentive Payments

Increased plantings of hard white wheat varieties are expected to be offset by lower plantings of other classes of wheat. Thus, the incentive payments will not measurably affect total wheat production. On the demand side, millers are likely to use hard white wheat for domestic food use at the expense of other wheat classes. The net impact on the estimated annual quantity of wheat used for food is negligible.

Currently, U.S. hard white wheat exports are small, partly due to an inadequate supply of consistent quality. Target markets are predominantly in southeast Asia, where hard white wheat varieties are used to produce Chinese noodles. Incentives to grow hard white wheat should increase supplies of consistent quality so exporters can compete in this export market.

Federal outlays are expected to increase by the amount of CCC funds that must be made available for the incentive payments, or \$20 million. Timing of these payments depends on producer participation. About \$6 million will likely be expended for the 2003 crop, \$12 million for the 2004 crop, and the remaining \$2 million for the 2005 crop. Because of the potential for hard white wheat payment requests to exceed available funds during the 2004 and 2005 crops, procedures will allow factoring of payment levels to avoid expending more than the \$20 million provided by the law.

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List of Subjects in 7 CFR 1413

Agricultural commodities, Feed grains, Grains.