

Environmental Analysis

A draft Environmental Assessment (EA) has been prepared to assist in determining whether this proposed rule, if implemented, would have a significant impact on the quality of the human environment. Based on the results of the draft EA, NRCS proposes issuing a finding of no significant impact (FONSI) before a final rule is published. Copies of the draft EA and draft FONSI may be obtained from Mark W. Berkland, Conservation Operations Division, Conservation Operations Division, Natural Resources Conservation Service, Room 5241-S, Washington, DC 20250-2890 and electronically at <http://www.nrcs.usda.gov/programs/eqip/index.html> under "Additional Information". Mail comments on the draft EA and draft FONSI by March 12, 2003, to Mark W. Berkland, Conservation Operations Division, Natural Resources Conservation Service, Room 5241, Washington, DC 20250-2890, or submit them via the Internet to farbillrules@usda.gov.

Civil Rights Impact Analysis

NRCS has determined through a Civil Rights Impact Analysis that the issuance of this proposed rule will not have a significant effect on minorities, women and persons with disabilities. Copies of the Civil Rights Impact Analysis and Finding of No Significant Impact may be obtained from Mark W. Berkland, Conservation Operations Division, Natural Resources Conservation Service, PO Box 2890, Washington, DC 20013-2890, and electronically at <http://www.nrcs.usda.gov/programs/eqip/index.html> under "Additional Information".

Paperwork Reduction Act

Section 2702(b)(1)(A) of the 2002 Act provides that the promulgation of regulations and the administration of Title II of the Act shall be made without regard to chapter 35 of Title 44 of the United States Code, the Paperwork Reduction Act. Accordingly, these regulations and the forms, and other information collection activities needed to administer the program authorized by these regulations, are not subject to provisions of the Paperwork Reduction Act, including review by the Office of Management and Budget.

NRCS is committed to compliance with the Government Paperwork Elimination Act (GPEA) and with the Freedom to E-File Act, which require Government agencies in general and NRCS 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 for participation in the program proposed under this rule are not yet fully developed for the public to conduct business with NRCS electronically. However, the application form will be available electronically through the USDA eForms Web site at <http://www.sc.egov.usda.gov> for downloading. Applications may be submitted at the local USDA service centers, by mail or by FAX. Currently, electronic submission is not available because signatures from multiple producers with shares in agricultural operations are required.

Executive Order 12988

This proposed rule has been reviewed in accordance with Executive Order 12988, Civil Justice Reform. The provisions of this proposed rule are not retroactive. The provisions of this proposed rule preempt State and local laws to the extent such laws are inconsistent with this proposed rule. Before an action may be brought in a Federal court of competent jurisdiction, the administrative appeal rights afforded persons at 7 CFR parts 614, 780, and 11 must be exhausted.

Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994

Pursuant to section 304 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354), USDA classified this proposed rule as major and NRCS conducted a risk analysis. The risk analysis establishes that the EQIP proposed rule will produce benefits and reduce risks to human health, human safety, and the environment in a cost-effective manner. A copy of the risk analysis is available upon request from Mark W. Berkland, Conservation Operations Division, Natural Resources Conservation Service, PO Box 2890, Washington, DC 20013-2890, and electronically at <http://www.nrcs.usda.gov/programs/eqip/index.html> under "Additional Information".

Unfunded Mandates Reform Act of 1995

Pursuant to Title II of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4), NRCS assessed the effects of this rulemaking action on State, local, and Tribal government, and the public. This action does not compel the expenditure of \$100 million or more by any State, local, or Tribal governments, or anyone in the private sector; therefore, a

statement under section 202 of the Unfunded Mandates Reform Act of 1995 is not required.

Economic Analysis—Executive Summary

Background

Pursuant to Executive Order 12866, Regulatory Planning and Review, the Natural Resources Conservation Service has conducted a benefit cost analysis of the Environmental Quality Incentives Program as formulated for the proposed rule. The Department of Agriculture Reorganization Act of 1994 and the Unfunded Mandates Reform Act of 1995 also require analysis of costs, benefits and risks associated with major regulation. These requirements provide decision makers with the opportunity to develop and implement a program that is beneficial, cost effective and that minimize negative impacts to health, human safety and the environment.

The analysis estimates EQIP will have a beneficial impact on the adoption of conservation practices and, when installed or applied to technical standards, will increase net farm income. In addition, benefits would accrue to society for long-term productivity maintenance of the resource base, reductions in non-point source pollution damage, and wildlife enhancements. As a voluntary program, EQIP will not impose any obligation or burden upon agricultural producers that choose not to participate. The program was authorized at \$6.16 billion over the six-year period of FY 2002 through FY 2007, with annual amounts for the base program and the ground and surface water conservation provisions increasing to \$1.36 billion in FY 2007 after the initial authorization in FY 2002 year of \$425 million. In addition, the 2002 Act authorizes a total of \$50 million for the Klamath Basin in California and Oregon.

Prior to the promulgation of the Environmental Protection Agency's "National Pollutant Discharge Elimination System Permit Regulation and Effluent Limitation Guidelines and Standards for Concentrated Animal Feeding Operations" (EPA CAFO) final rule which was published on December 15, 2002, NRCS estimated that 63 million acres of agricultural land will be treated over the six years of the program, including 44 million acres of cropland, 10 million acres of grazing land (pasture and rangeland), and 9 million acres for wildlife. The total evaluated on and off-site environmental benefits were projected to be \$6.8 billion including \$3.6 billion from animal waste treatment and \$3.2 billion