

VII. 1996 FARM BILL

Producer Note: This section only discusses the environmental or conservation provisions of the 1996 Farm Bill.⁴⁰ For a more thorough examination of flexibility programs, export programs, dairy marketing, risk management, and other provisions of the 1996 Farm Bill, resources such as the local Farm Service Agency office, a producers' association, or appropriate governmental offices should be consulted.

A. Environmental Conservation Acreage Reserve Program

The Environmental Conservation Acreage Reserve Program (ECARP) includes the Conservation Reserve Program (CRP), the Wetlands Reserve Program (WRP), and the Environmental Quality Incentives Program (EQIP). Under ECARP, USDA may designate watersheds, multi-state areas, and regions of special environmental sensitivity as priority areas eligible for enhanced federal assistance. USDA may also designate areas in which it will assist producers in meeting federal, state, and local environmental laws and regulations.

1. Conservation Reserve Program

Producer Note: The Conservation Reserve Program⁴¹ (CRP) has been reauthorized and extended by the 1996 Farm Bill. Producers who wish to participate in this program may submit an offer to enroll land during specified signup periods. A continuous signup is provided for certain special practices, including filter strips, riparian buffers, shelterbelts, grassed waterways, field wind breaks, living snow fences, salt tolerant vegetation, and shallow areas for wildlife. The Commodity Credit Corporation (CCC) administers the program through Farm Service Agency (FSA) state and county offices. The owner or operator submits a per acre rental bid. If accepted, the CCC enters into a contract with the owner or operator to convert the land into a conserving use for a minimum of 10 years in return for financial and technical assistance. Conservation plans approved by the local conservation district are required on eligible acreage.

The CRP has been extended through the year 2002 at the current level of enrolled acreage of 36.4 million acres. Under the 1996 Farm Bill, land ownership requirements prior to enrollment have been reduced from three years to one year.

USDA is authorized to allow current participants in the CRP to terminate any CRP contract which was entered into prior to January 1, 1995 with written notice, so long as the

⁴⁰ Federal Agriculture Improvement and Reform (FAIR) Act of 1996, P.L. 104-127.

⁴¹ Conservation Reserve Program-Long Term Policy, 61 Fed. Reg. 49697-01 (1996) (to be codified at 7 C.F.R. pt. 704 and pt. 1410)(proposed Sep. 23, 1996).

contract has been in effect at least five years. This early termination provision does not, however, apply to those enrolled lands which are determined to be of high environmental value.

CRP contracts which are not eligible for early termination include:

- Contracts entered into after January 1, 1995;
- Contracts entered into before January 1, 1995 which are less than five years old;
- Land with an erodibility index greater than 15;
- Land devoted to useful life easements, field windbreaks, grass waterways, shallow water areas, filter strips, shelterbelts, and bottom land timber on wetlands;
- Land enrolled under the wetland eligibility criteria; and
- Land located within an average of 100 feet of a stream or other permanent water body.

Total acreage placed in the CRP, combined with that placed in the Wetlands Reserve Program (WRP), may not exceed 25 percent of the total cropland of the county. In addition, no more than 10 percent of the cropland in the county can be subject to a CRP or WRP easement. CRP participants must comply with the CRP contract, implement approved conservation plans, establish required vegetative cover or water cover, comply with state noxious weed laws, and control all weeds, insects, and pests on the land. CRP participants must not produce agricultural commodities or allow grazing or harvesting on land subject to the contract without the approval of the U.S. Secretary of Agriculture. Finally, conservation compliance and Swampbuster requirements must be met as a condition of CRP eligibility.

2. *Wetlands Reserve Program*

The Wetlands Reserve Program⁴² (WRP) has been reauthorized through the year 2002 with a maximum enrollment of 975,000 acres. Of the new enrollments, 1/3 must be in permanent easements, 1/3 in 30-year easements or less, and 1/3 in wetland restoration agreements which include cost sharing. At least 75,000 of the total acres must be enrolled in other than permanent easements before any additional permanent easements will be accepted for enrollment in the program.

⁴² Wetlands Reserve Program, 61 Fed. Reg. 42137 (1996) (to be codified at 7 C.F.R. pt. 620 and pt. 1467).

Producer Note: To participate in the WRP program, a producer may enroll acreage at any time by applying for program participation with the local NRCS office.

Emphasis will be given to enrollment of lands that:

- Maximize wildlife benefits;
- Maximize the amount of wetlands;
- Achieve cost-efficient wetlands restoration; and
- Have the least likelihood of being reconverted.

Conservation plans are required for WRP program participation. Eligibility determinations for participation in the program is made by NRCS. In addition, landowners may be provided with 75 percent to 100 percent cost sharing for restoring wetlands under permanent easements, 50 percent to 75 percent for 30-year easements, and 50 percent to 75 percent for restoration cost share agreements.

3. Environmental Quality Incentives Program

The Environmental Quality Incentives Program⁴³ (EQIP) was established by the 1996 Farm Bill to provide a voluntary conservation program for farmers and ranchers who face serious threats to soil, water, and other natural resources. It provides technical, financial, and educational assistance primarily to designated priority areas) half of it targeted to livestock-related natural resource concerns and the remainder to other significant conservation priorities. NRCS has leadership for EQIP and consults with FSA to set the program's policies, priorities, and guidelines.

EQIP works primarily in priority areas where significant natural resource problems exist. In general, priority areas are defined as watersheds, regions, or areas of special environmental sensitivity or having significant soil, water, or related natural resource concerns. These concerns could include soil erosion, water quality and quantity, wildlife habitat, wetlands, and forest and grazing lands. Priority areas are identified through a locally-led conservation process. A local work group comprised of members of the conservation district and FSA county committees, and staff of NRCS, Cooperative State Research, Education, and Extension Service, and other federal, state, and local agencies interested in natural resources conservation identifies program priorities by completing a natural resource needs assessment and, based on that assessment, develops proposals for priority areas. The inclusion of conservation districts helps ensure that the work groups develop and implement conservation programs that fully reflect local needs and

⁴³ 62 Fed. Reg. 28258 (1997) (to be codified at 7 C.F.R. pt. 1466).

priorities. Priority area proposals are submitted to the NRCS State Conservationist, who selects those areas within the state based on the recommendations from the state Technical Committees.

EQIP can also address additional significant statewide concerns that may occur outside designated priority areas. In the first year of the program, at least 65 percent of the funds will be used in designated priority areas and up to 35 percent can be used for other significant statewide natural resource concerns. Additional emphasis is given to areas where state or local governments offer financial or technical assistance and where agricultural improvements will help meet water quality and other environmental objectives.

All EQIP activities must be carried out according to a conservation plan. Conservation plans are site specific for each farm or ranch, and can be developed by producers with help from NRCS or other service providers. Producers' conservation plans should address the primary natural resource concerns. All plans are subject to NRCS technical standards adapted for local conditions and are approved by the conservation district. Producers are not obligated, but are encouraged, to develop comprehensive or total resource management plans.

<p>Producer Note: A producer wanting to participate in EQIP may apply at NRCS for an EQIP contract at any time. The contract includes a plan, approved by the local conservation district, that indicates the practices to be applied and the amount of cost share to be received.</p>

EQIP offers five to 10 year contracts that provide incentive payments and cost sharing for conservation practices called for in the site-specific plan. Contract applications will be accepted throughout the year. NRCS conducts an evaluation of the environmental benefits the producer offers. Offers are then ranked and the FSA County Committee approves for funding the highest priority applications. Applications are ranked according to environmental benefits achieved weighted against the costs of applying the practices. Higher rankings are given to plans developed to treat priority resource concerns to a sustainable level.

Cost sharing may pay up to 75 percent of the costs of certain conservation practices, such as grassed waterways, filter strips, manure management facilities, capping abandoned wells, wildlife habitat enhancement, and other practices important to improving and maintaining the health of natural resources in the area. Incentive payments may be made to encourage a producer to perform land management practices such as nutrient management and wildlife habitat management. These payments may be provided for up to three years to encourage producers to carry out management practices they may not otherwise use without the program incentive.

Eligibility is limited to persons who are engaged in livestock or agricultural production. Eligible land includes cropland, rangeland, pasture, forest, and other farm or ranch lands where the program is delivered. Owners of large confined livestock operations are not eligible for cost share assistance for animal waste storage or treatment facilities. However, technical,

educational, and financial assistance may be provided for other conservation practices on these large operations.

Producer Note: In general, USDA has defined a large confined livestock operation as an operation with more than 1,000 animal units. But, because of differences in operations and environmental circumstances across the country, the definition of a large confined livestock operation may be modified in each state by the NRCS State Conservationist, after consultation with the state Technical Committee and approval of the NRCS Chief.

Conservation practices for natural resource concerns related to livestock will receive 50 percent of the total EQIP funding. Total cost share and incentive payments are limited to \$10,000 per person per year and \$50,000 for the length of the contract.

Four of USDA's conservation programs were combined in EQIP, including the Agricultural Conservation Program, the Water Quality Incentives Program, the Great Plains Conservation Program, and the Colorado River Basin Salinity Control Program.

B. Swampbuster, Sodbuster, and Conservation Compliance Programs

1. Swampbuster

Producer Note: The Swampbuster program has been in place since 1985 and was passed to discourage producers from converting wetlands to croplands and generally to encourage landowners to preserve wetland areas. The 1985 law made producers ineligible for farm program participation if farming occurred on wetlands after 1985. A 1990 amendment strengthened the program by making conversion alone, even without cropping, a swampbuster violation. USDA implements Swampbuster regulations and the NRCS is the primary agency involved in assuring compliance with Swampbuster provisions.

Wetland conservation provisions, known as Swampbuster, are continued under the 1996 Farm Bill. Wetland mitigation is allowed through restoration, enhancement, or creation so long as wetland functions are maintained. When a violation of the Swampbuster program occurs, USDA has the discretion to waive the penalty of ineligibility for USDA program benefits if USDA determines the person acted in good faith and without intent to violate the Swampbuster provisions.

Abandoned prior converted wetlands and farmed wetlands are not subject to Swampbuster so long as the use of those lands is limited to agricultural purposes. USDA is authorized to identify categories of actions that constitute minimal effects. Finally, prior wetland determinations will be reviewed for accuracy.

The 1996 Farm Bill made other changes in the Swampbuster program which include:

- Expansion of areas in which mitigation can be used, allowing individuals to work with producers, conservation districts, and other relevant entities;
- More options for mitigation, including restoration, enhancement, or creation;
- NRCS, based upon recommendations of the state technical committee, may identify practices that have a minimal effect on the environment and may put them on fast track determination; and
- Wetland conversion activities authorized by a section 404 permit which make agricultural production possible will be accepted for Swampbuster program purposes if the permitted activities were adequately mitigated.

Producer Note: Prior converted cropland is a converted wetland where the conversion occurred prior to December 23, 1985, and an agricultural commodity had been produced at least once before December 23, 1985.

In addition, the 1996 Farm Bill expands the definition of agricultural land contained in the Interagency Wetlands Memorandum of Agreement⁴⁴ to include cropland, pasture land, tree farms, rangeland, native pasture land, and other land used for livestock production, placing NRCS in charge of making delineation decisions.

Producer Note: Interim regulations implementing Swampbuster changes found in the 1996 Farm Bill are in effect. Producers must make themselves aware of the new Swampbuster regulations by obtaining copies from NRCS or other USDA offices and should keep themselves informed of regional wetlands issues.

⁴⁴ NATURAL RESOURCES CONSERVATION SERVICE, INTERAGENCY WETLANDS MEMORANDUM OF AGREEMENT (1994). NRCS has the primary responsibility within USDA for interagency coordination and NRCS can distribute copies of the Memorandum of Agreement.

2. *Sodbuster*

Producer Note: The Sodbuster program also began with the 1985 Farm Bill. These programs were designed to conserve highly erodible land brought into crop production. Under Sodbuster, producers are ineligible for farm program payments unless conservation systems are applied on the land that achieve tolerable levels of soil erosion. Highly erodible land determinations are made by NRCS.

The highly erodible lands conservation program, known as Sodbuster, is retained under the 1996 Farm Bill. A new provision states that if CRP lands are returned to production, those lands cannot be required to meet a higher conservation standard than that applied to other highly erodible cropland located within the same area.

In addition, a wind erosion pilot project is established under the 1996 Farm Bill. The pilot project is for producers in selected counties which have nearly 100 percent of their cropland designated as highly erodible and where wind erosion factors are likely to have caused inequitable application of highly erodible land factors to that cropland. In this circumstance, the cropland must be redelineated.

3. *Conservation Compliance*

Producer Note: Conservation compliance provisions of the 1985 and 1990 Farm Bills were continued under the 1996 Farm Bill. These provisions required the producer to have a plan approved by NRCS and implemented by the producer to address highly erodible cropland to remain eligible for certain USDA program benefits. These plans are continued by the 1996 Farm Bill, with some changes. The term conservation plan describes the conservation systems or practices relative to the location, use, tillage system, and treatment measures used to improve soil condition.

Under the 1996 Farm Bill, after consultation with local conservation districts, USDA is required to establish expedited procedures to grant temporary variances in conservation plans, formerly referred to as conservation compliance plans. Decisions on variances must be made within 30 days or the request will be considered granted.

County committees may provide for appropriate relief where application of a conservation system would impose an undue economic hardship on the producer. This discretion is allowed upon consideration of the use of variances and exemptions.

Public notice of future changes in the technical standards affecting conservation compliance, Swampbuster, and CRP programs are also required. If a person has acted in good faith and without any intent to violate the law, up to one year can be provided for that person to

actively apply conservation plans for the farm. This action will help ensure that penalties are in proportion to violations.

USDA employees are directed under the 1996 Farm Bill to work with landowners to whom they are providing onsite technical assistance to correct an observed potential compliance problem. Landowners have up to one year to take corrective action before the violation will be reported. Farmers are encouraged to maintain records of residue measurement, including those provided by third parties. These measurements can be used to determine erosion levels on annual review.

C. Other Conservation Programs

Producer Note: Many additional conservation programs were created under the 1996 Farm Bill. Producers must contact the local NRCS or other USDA field office in order to obtain specific program regulations, applications for participation, technical assistance, and plan requirements. Some programs provide cost share payments.

1. Conservation Farm Option

The 1996 Farm Bill established a pilot program for producers of wheat, feed grains, upland cotton, and rice with market transition contract acreage. Under the Conservation Farm Option (CFO), the producer must develop and implement a conservation farm plan. Conservation farm contracts are for 10 years and can be extended for an additional five years. In exchange for payments under the CFO, the producer must forego payments in the CRP, WRP, and EQIP programs. The total payment for participation in CFO is the same as if the producer had received separate payments under each program, in addition to production flexibility contract payments.

2. Flood Risk Reduction

Contracts may be entered into with producers who have contract acreage that is frequently flooded. Participants will receive 95 percent of their market transition contract payments. The Secretary may also provide 95 percent of projected crop insurance payments. Participants agree not to receive any contract payments, commodity loans, crop insurance, conservation program payments, or any disaster program payments on the flood risk reduction acreage.

3. Farmland Protection Program

USDA is authorized to purchase easements or other interests in land with prime, unique, or other productive soils if those lands are subject to a pending offer by state or local governments to acquire the land for farmland protection purposes. Easements or other interests on 170,000 to 340,000 acres are allowed. USDA has provided \$14.5 million to California,

Colorado, Connecticut, Delaware, Florida, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and Wisconsin to help purchase development rights from farmers to keep productive farmland in production.

4. *Wildlife Habitat Incentives Program*

The Wildlife Habitat Incentives Program (WHIP) authorizes \$50 million in funding through the year 2002 to establish a program to make cost share payments to landowners in order to implement wildlife habitat improvement activities. In order to receive cost share payments, the landowner must submit a wildlife habitat development plan. The WHIP program, in addition to providing payments, is designed to provide technical assistance to landowners, provide education regarding wildlife needs, and foster a positive public attitude regarding wildlife, wildlife habitat, and land stewardship.

<p>Producer Note: USDA has proposed regulations to implement WHIP.⁴⁵ However, changes could occur in the final regulations.</p>

5. *Conservation of Private Grazing Land*

Federal personnel are to be made available for technical assistance through the Conservation of Private Grazing Land program. The purpose of the program is to promote conservation and enhancement of natural resources on private lands. NRCS offices will administer the program and development of a conservation plan is required for participation.

6. *Commodity Credit Corporation Uses*

Under the 1996 Farm Bill, the Commodity Credit Corporation (CCC) Charter Act is revised to allow the use of CCC funds for authorized conservation programs. This action is intended to reduce the necessity for annual appropriations to carry out conservation programs.

7. *Air Quality*

The 1996 Farm Bill establishes a task force on agricultural air quality with NRCS as the chair of the task force. The task force has met and considered proposed EPA standards for ozone and particulate matter. The task force has recommended that since the proposed standards are not based on scientific evidence, they should not be finalized at this time, especially the estimates relating to agricultural impacts. In addition, the task force called for new research on agricultural air quality issues.

⁴⁵ 61 Fed. Reg. 65485 (1996) (to be codified at 7 C.F.R. pt. 1470) (proposed Dec. 13, 1996).

8. *Other Miscellaneous Provisions*

Other miscellaneous provisions of the 1996 Farm Bill which may affect the environmental aspects of an agricultural operation include:

- Task force to study bypass flows and related water rights on national forest land, with an 18-month moratorium on bypass flow requirements during the renewal of Forest Service permits for water supply facilities;
- Flexibility in determining how soil survey information is communicated to the public;
- Reauthorization of the forestry incentives program;
- Reauthorization of the resource conservation and development program;
- Requirement that state technical committees give public notice of meetings and expand committee membership to include representatives of agricultural producers, non-profit conservation organizations, agribusiness, and experts on economic and environmental impacts of conservation techniques; and
- Purchase of floodplain easements under the Emergency Watershed Protection Program.