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DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

7 CFR Part 1470

[Docket No. NRCS–2014–0008]

RIN 0578–AA63

Conservation Stewardship Program

AGENCY: Natural Resources Conservation Service (NRCS) and the Commodity Credit Corporation (CCC), United States Department of Agriculture (USDA).

ACTION: Final rule.

SUMMARY: NRCS published an interim rule, with request for comments, on November 5, 2014, to implement changes to the Conservation Stewardship Program (CSP) that were either necessitated by enactment of the Agricultural Act of 2014 (2014 Act) or required to implement administrative streamlining improvements and clarifications. NRCS received 483 comments from 227 respondents to the interim rule. In this document, NRCS issues a final rule to make permanent those changes, respond to comments, and to make further adjustments in response to some of the comments received.

DATES: *Effective date:* This rule is effective March 10, 2016.

FOR FURTHER INFORMATION CONTACT: Mark Rose, Director, Financial Assistance Programs Division, U.S. Department of Agriculture, Natural Resources Conservation Service, Post Office Box 2890, Washington, DC 20013–2890; telephone: (202) 720–1845; fax: (202) 720–4265.

SUPPLEMENTARY INFORMATION:

Background

The Food, Conservation, and Energy Act of 2008 (2008 Act) amended the Food Security Act of 1985 (1985 Act) to establish CSP and authorize the program from fiscal year 2009 through fiscal year 2012. CSP replaced the Conservation Security Program. The program was extended through fiscal year 2014 by the Consolidated and Further Continuing Appropriations Act, 2012. The 2014 Act revised CSP and reauthorized it through fiscal year 2018.

The purpose of CSP is to encourage producers to address priority resource concerns and improve their conservation performance by installing and adopting additional conservation activities and improving, maintaining, and managing existing conservation activities on eligible land. The Secretary of Agriculture delegated authority through the Under Secretary for Natural Resources and the Environment to the NRCS Chief to administer CSP.

Through CSP, NRCS provides financial and technical assistance to eligible producers to conserve and enhance soil, water, air, and related natural resources on their land. Eligible lands include private or Tribal cropland, grassland, pastureland, rangeland, nonindustrial private forest lands, and other land in agricultural areas (including cropped woodland, marshes, agricultural land, or land capable of being used for the production of livestock) on which resource concerns related to agricultural production could be addressed. Participation in the program is voluntary.

CSP encourages land stewards to improve their conservation performance by installing and adopting additional activities and improving, maintaining, and managing existing activities on eligible land. NRCS makes funding for CSP available nationwide on a continuous application basis.

On November 5, 2014, NRCS published an interim final rule with request for comments in the **Federal Register** (79 FR 65835) that amended CSP regulations at 7 CFR part 1470 to implement changes made by the 2014 Act. The statutory changes made to CSP regulations by the interim rule included:

- Limiting eligible land to that in production for at least 4 of the 6 years preceding February 7, 2014, the date of enactment of the 2014 Act.
- Requiring contract offers to meet stewardship threshold for at least two priority resource concerns, as defined in § 1470.3, and meet or exceed one additional priority resource concern by the end of the stewardship contract.
- Allowing enrollment of lands that are protected by an agricultural land easement under the newly-authorized Agricultural Conservation Easement Program (ACEP).
- Allowing enrollment of lands that are in the last year of the Conservation Reserve Program (CRP).
- Allowing contracts to be renewed if the threshold for two additional priority resource concerns will be met or the stewardship threshold will be exceeded for two existing priority resource concerns.
- Requiring that at least five priority resource concerns be identified for each area or watershed.
- Requiring NRCS to establish a science-based stewardship threshold for each priority resource concern.
- Authorizing NRCS to prorate conservation performance so that a participant may receive equal annual payments to the greatest extent practicable.
- Emphasizing conservation activities to be implemented across the agricultural operation.
- Authorizing supplemental payment for improving a resource conserving crop rotation.
- Authorizing an annual enrollment of 10,000,000 acres, rather than an enrollment of 12,769,000 acres as was authorized by the 2008 Act.
- Establishing CSP as a covered program authorized to accomplish the purposes of Regional Conservation Partnership Program.
- Removing the acreage cap for non-industrial private forestland (NIPF).
- Authorizing veteran preference.

NRCS also made programmatic changes including the following:

- Clarifying how CSP contract limits are applied when there is a change of the legal framework for an agricultural operation. Contract limitations applied at the time of enrollment will not change, regardless of successor-in-interest. This is not a change in policy, but is a change in how the policy is implemented starting with contracts obligated in 2014.
- Establishing a maximum number of applicable priority resource concerns (APRC) selected by the State. The maximum number of APRC must equal the minimum requirements from the 2014 Act. States will select five APRC for a geographic area.

• Prioritizing applications from eligible veterans competing in beginning farmer or rancher, or socially disadvantaged farmer or rancher funding pools. Eligible veteran applications in these pools will be set to high priority and funded first.

• Clarifying applicant eligibility requirements to ensure all applicants in a contract application meet all eligibility requirements.

In addition to making the statutory and programmatic changes described above, NRCS made internal policy adjustments to improve the management and implementation of CSP. These policy changes included:

• Removing the requirement for State Conservationists to obtain concurrence at the national level to approve contract modifications greater than $5,000. The State Conservationist may approve legitimate contract increases to implement an appeal determination or correct an error.

• Re-delegating the requirement for State Conservationists to obtain an annual payment limitation waiver when a payment was not made in the year it was scheduled for reasons beyond participant control. The waiver was previously approved by the Chief and is now delegated to the Deputy Chief for Programs.

• Integrating Landscape Conservation Initiatives in CSP. A pilot is being conducted in sign-up 2015–1 to target conservation objectives that have regional or national significance at the landscape scale. The pilot includes the Sage Grouse Initiative, Lesser Prairie Chicken Initiative, Ogallala Aquifer Initiative, and Longleaf Pine Initiative.

• Requiring reporting for conservation activities and incorporating reporting requirements into the State Conservationist's performance plan to encourage a more uniform distribution of funds and acres across the country. This also helps with the collection of implementation data of activities applied on the landscape.

• Incorporating interim guidance provided via the internal NRCS directives system, including renewal guidance and memorandum to clarify the process for evaluating operational changes to determine if they conform to renewal eligibility provisions. Specifically, for land in a renewal offer to be eligible, participants are required to continue implementing their demonstrated and documented management system, including prior or comparable conservation activities from the initial contracts.

NRCS originally solicited comments on the interim final rule for 60 days ending January 5, 2015. Due to the comment period occurring through the end of the calendar year, NRCS extended the comment period until January 20, 2015. NRCS received 227 timely submitted responses to the rule, constituting 483 comments. The topics that generated the greatest response were on contract limits, payments, and ranking. Overall, the commenters supported the changes made by the interim rule. This final rule responds to the comments received by the public comment deadline and makes one programmatic change based upon such comments. Specifically, NRCS is changing the minimum contract payment available under § 1470.24(c).

Summary of CSP Comments

In this preamble, the comments have been organized in alphabetic order by topic. The topics include administration, agricultural operation, allocation of funds, beginning farmers and ranchers, conservation activities, conservation compliance, the conservation management tool (CMT), CRP expiring contracts, contract limits, cropland conversion, eligibility, enhancement and enhancement options, environmental credits, fairness, modifications, outreach, payments, producers, ranking, renewals, State Technical Committees, and stewardship thresholds. Additionally, NRCS received 25 comments that were general in nature. These comments were not addressed as they were outside the scope of the changes that NRCS made in the interim rule. Most of these general comments expressed support for the program or how the program has benefitted particular operations. NRCS also received five comments which criticized the program as wasteful government spending or expressed that CSP funding should be redirected to other conservation efforts.

Administration

Comment: NRCS received ten comments that made recommendations related to the overall administration of the program. These comments included concerns that CSP participants may be held to a rigid requirement to decide what exactly will be planted on each field for the next 5 years, and that there are several factors that influence what farmers will grow, including commodity prices and yield data. To address this concern, some respondents recommended reducing CSP contracts from 5 years to 3 years.

NRCS Response: By statute, CSP contracts are for a duration of 5 years, and participants are required to maintain and improve the level of stewardship on their agricultural operations over the term of the contract. However, NRCS has incorporated more flexibility into program implementation by allowing land use conversions, changes in rotations, and substitution of enhancements where such substitution will result in the same or greater stewardship of the enrolled land. Therefore, while NRCS documents current management activities on the agricultural operation at the time of enrollment, the participant has flexibility to make adjustments to their management system while remaining in compliance with their CSP contract. The respondents' recommendations did not affect any of the regulatory provisions and therefore no changes were made.

Agricultural Operation

Comment: NRCS received one comment requesting that NRCS apply the ''substantially separate provision'' more consistently.

NRCS Response: NRCS defined ''agricultural operation'' in the CSP interim rule, consistent with statutory parameters, as all eligible land, as determined by NRCS, whether contiguous or noncontiguous that is ''[u]nder the effective control of a producer at the time of enrollment in the program; and [o]perated by the producer with equipment, labor, management, and production or cultivation practices that are *substantially separate* (emphasis added) from other agricultural operations.'' NRCS applies a ''majority test'' to determine whether an applicant operation is substantially separate. In particular, if three of the following four factors are different between the operations, then the operation is considered ''substantially separate'': Labor, equipment, management, and productive or cultivation practices. NRCS describes each of these factors, including providing several examples, in its manual [1] to help guide NRCS field employees when assisting applicants to complete the agricultural operation delineation. NRCS will continue to provide training and quality assurance reviews to ensure that the substantially separate operation determinations are made consistently. No changes were made to the CSP regulation in response to this recommendation.

Allocation of Funds

Comment: NRCS received eight comments concerning the allocation of funds under the program. One respondent recommended that CSP

[1] The CSP Manual, 440 Conservation Programs Manual Part 508, can be accessed at *http://directives.sc.egov.usda.gov/.*

funds be allocated to purchase rental conservation equipment to be managed by the local USDA Service Center for use by small farmers. NRCS also received several comments that, since NIPF acres are ecologically vital, these lands should not be subject to disproportionate cuts if payment cuts are required.

NRCS Response: NRCS' authority under CSP is to provide technical and financial assistance to program participants to maintain existing conservation activities and to adopt new conservation activities to address priority resource concerns. NRCS does not have authority under CSP to purchase equipment for use by non-Federal personnel, or to rent such equipment to others. NRCS recognizes the environmental benefits of forestry lands and will not subject NIPF to disproportionate cuts if payment cuts that are within the control of NRCS are required due to the availability of funds. No changes were made to the CSP regulation in response to these comments.

Beginning Farmers and Ranchers

Comment: NRCS received 53 comments requesting that NRCS increase the acreage goal for beginning farmers and ranchers allocated to the program. Most recommended that the goal be increased from 5 percent to 15 percent.

NRCS Response: Since 2009, the Chief has been instructed by statute at section 1241(h) of the 1985 Act to use, to the maximum extent practicable, 5 percent of total CSP acreage for socially disadvantaged farmers and ranchers and 5 percent of total CSP acreage for beginning farmers and ranchers. Section 2604 of the 2014 Act extended the special set asides to fiscal year 2018. The CSP regulation incorporated these statutory requirements at 7 CFR 1470.4(c) and 1470.20(f)(3). The regulation provides the Chief flexibility to determine whether to raise the acreage goals beyond the 5 percent. NRCS will consider these comments and historic participation data when determining acreage goal levels for each signup period.

NRCS analyzed program enrollment data from fiscal year 2010 to fiscal year 2013 to determine if enrolled acres with beginning farmers and ranchers or socially disadvantaged farmers and ranchers exceeded the 5 percent nationally, and whether NRCS should consider allocating more acres to these two groups. The analysis revealed that setting aside 5 percent of the acres for designated pools for beginning farmers and ranchers, and socially disadvantaged farmers and ranchers is not limiting participation of these groups. Participation by these groups exceeded the 5 percent minimum. Although applicants that qualify under these groups compete separately in designated ranking pools within each geographic area of the State, they can submit their applications in the general ranking pools. Five hundred forty of the 4,151 contracts for beginning farmers and ranchers and 123 of the 1,338 contracts for socially disadvantaged farmers and ranchers were evaluated in the general ranking pools. Overall, these contracts comprise 12.2 percent of contracts from all sign-ups, even though they did not all compete in the designated pools.

While the statute establishes a minimum set-aside of acres for beginning farmers and ranchers and for socially disadvantaged farmers and ranchers, NRCS believes that its outreach efforts can expand the participation by these two groups of producers beyond current participation rates. Therefore, NRCS is establishing a policy goal to expand enrollment by beginning farmers and ranchers and socially disadvantaged farmers and ranchers in all ranking pools, and will also allocate additional acres to the two set-aside ranking pools as needed to address program demand amongst these producers.

No changes were made to the CSP regulation in response to this recommendation.

Conservation Activities

Comment: NRCS received seven comments related to the topic of conservation activities. These comments included recommendations that energy audits qualify as an enhancement, NRCS staff receive additional training on the issue of soil health, wildlife enhancements address predation pressures, enhancements to expand native prairie grass be promoted, and that NRCS only fund conservation activities that are shown to have an environmental benefit. NRCS also received a comment expressing concern that enhancement bundles provide an unfair advantage to larger operations because larger operations have greater ability to adopt entire bundles; therefore, such bundles should not receive priority consideration for funding.

NRCS Response: NRCS considers internal and external customers' recommendations regarding new or modified enhancements that may be needed to address priority resource concerns at the local level through local work groups and at the State level through State Technical Committees. NRCS State Conservationists seek input on these recommendations from the State Technical Committee members and other program stakeholders. While the recommendations above do not affect any of the regulatory provisions, NRCS will consider these recommendations when evaluating new enhancements that will be offered in future signups. As to the comment about enhancement bundles, NRCS believes it is appropriate to provide greater priority for the adoption of enhancement bundles due to the greater environmental benefit created when enhancements are implemented together. NRCS will review the available enhancement bundles to ensure that there are sufficient options applicable to smaller operations. No changes to the CSP regulation were made in response to these comments.

Conservation Compliance

Comment: NRCS received two comments related to the requirement that CSP participants must comply with the highly erodible land conservation and wetland conservation provisions at 7 CFR part 12, referred to in the comments as ''cross-compliance.'' These respondents expressed concern that cross compliance has not been enforced, creating concerns with visible erosion and waterways that are not functioning as intended.

NRCS Response: CSP, like other Title XII conservation programs, is subject to the conservation compliance requirements under 7 CFR part 12. NRCS verifies conservation compliance before awarding a contract as part of the minimum program requirements and during the contract term through mandatory annual contract reviews, 5 percent spot checks, and 10 percent random reviews which requires field visits for compliance purposes. NRCS will continue to provide training to ensure proper contract management and implementation is exercised at all times. No changes to the CSP regulation were made in response to these comments.

CMT

Comment: NRCS received four comments related to CMT. Three respondents recommended the continued use of CMT, but suggest making it more transparent and accessible, including having a version of CMT available to producers to run alternative scenarios for themselves prior to applying for program benefits. The other respondent identified that the performance values used in CMT to determine payments do not translate to adequate compensation for expenses to

implement additional activities, and thus the valuation process utilizing CMT is not preferred.

NRCS Response: The 2014 Act removed reference to CMT in the CSP statute. While the removal of references to CMT does not preclude utilizing CMT in CSP implementation, NRCS now has the flexibility to explore other methods for evaluating CSP applications for funding. NRCS has convened a team to explore other, more transparent, methods for making eligibility, ranking, and payment determinations that do not rely solely, or at all, upon the use of CMT. Since NRCS removed references to the CMT in the CSP interim rule, no changes are needed to CSP regulations in response to these comments.

CRP Expiring Contracts

Comment: NRCS received two comments related to expiring CRP contracts. These comments recommend that NRCS increase coordination with the Farm Service Agency (FSA) to ensure a seamless transition from CRP back to agricultural production, including the adoption of policies that encourage retaining the conservation cover that had been established under CRP.

NRCS Response: NRCS welcomes the recommendation and will continue coordinating with FSA to improve the transition process within authority. NRCS has amended the regulation to allow transitioning land to participate in CSP as authorized in the 2014 Act, and has established a seamless process to transition from CRP back to agricultural production. Presently, NRCS offers four enhancements designed to preserve the benefits gained while in CRP or mitigate negative effects from transitioning expired CRP lands to production agriculture. These enhancements are:

- Animal Enhancement Activity (ANM35): Enhance wildlife habitat on expired grass/legume-covered CRP acres or acres with similar perennial vegetated cover managed as hayland.
- Animal Enhancement Activity (ANM36): Enhance wildlife habitat on expired tree-covered CRP acres or acres with similar woody cover managed as forestland.
- Animal Enhancement Activity (ANM37): Prescriptive grazing management system for grazed lands (includes expired CRP grass/legume- or tree-covered acres converted to grazed lands).
- Soil Quality Enhancement Activity (SQL10): Crop management system where crop land acres were recently converted from CRP grass/legume cover or similar perennial vegetation.

Detailed descriptions of these enhancement activities can be found at the agency program Web site. [2] NRCS will continue evaluating new technology that can be offered in the future to help producers transition back to agricultural production in a sustainable manner. Changes are not needed to the CSP regulation in response to these comments.

Contract Limit

Comment: NRCS received 103 comments recommending that NRCS eliminate the higher contract limit that is available to joint operations. Two other comments recommended that NRCS retain the higher contract limit.

NRCS Response: Since 2010, NRCS identified in the CSP regulation a contract limitation of $200,000 per person or legal entity, and $400,000 for joint operations. The original CSP statute required that ''A person or legal entity may not receive, directly or indirectly, payments that, in the aggregate, exceed $200,000 for all contracts entered into during any 5-year period.'' There is no statutory mention of a contract limit.

Payment limitations do not apply directly to ''joint operations'' (the term joint operation includes general partnerships and joint ventures). Rather, each member of a joint operation is treated as a separate person or legal entity with payments directly attributed to them. With no contract limit or direct attribution, contracts with joint operations could be very large (for example, $1 million contracts for joint operations with five members that received the $200,000 maximum).

To address these concerns under the original statute, NRCS imposed a regulatory contract limit that corresponded with the program payment limitation of $200,000, and later established a higher contract limit for joint operations. This resulted in unintended consequences as it encouraged applicants and participants to restructure their operations to qualify for the higher contract limit.

The 2014 Act did not address NRCS regulatory contract limits and NRCS kept the higher contract limit for joint operations in the CSP interim rule, but prohibited any increase in contract obligation due to producers restructuring their operation and transferring the contracts to joint operations eligible for the higher contract limit during the contract term. NRCS did not receive any comments on this prohibition and maintains such prohibition in this final rule.

However, on the issue of eliminating the higher contract level itself, NRCS does not believe it is appropriate to make such a change in this final rule since NRCS did not identify in the interim rule that it might reconsider whether or not to keep the higher contract limit for joint operations. Therefore, NRCS is maintaining the $400,000 contract limit for joint operations. NRCS is considering requesting additional public input on this specific topic though a separate **Federal Register** notice at a later date.

Cropland Conversion

Comment: NRCS received one comment that expressed uncertainty about whether the prohibition on making payment for land converted to cropland applied to forestland.

NRCS Response: Section 1238E(b)(2) of the CSP statute specifies that eligible land used for crop production after February 7, 2014, (the date of enactment of the 2014 Act), that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date, shall not be the basis for any payment under CSP unless certain exceptions apply. This prohibition applies to all eligible land under the program, including non-industrial private forest land. Therefore, non-industrial forest land that was not in crop production for at least 4 of the 6 years preceding February 7, 2014, is not eligible for CSP payment if it is subsequently converted to cropland. No changes were made to the regulation in response to this comment.

Eligibility

Comment: NRCS received 19 comments that recommended that NRCS incorporate flexibility into the requirement that an entire farm be enrolled under a CSP contract.

NRCS Response: Section 1238F(a) of the CSP statute specifies that to be eligible to participate in CSP, a producer shall submit to the Secretary a contract offer for the agricultural operation. As described above, NRCS applies a majority test to determine the scope of an applicant's agricultural operations and whether it is substantially separate from other operations of the applicant. NRCS believes that this test provides a credible, flexible means by which agricultural operations are identified and enrolled within statutory requirements. No changes to the CSP regulation were made in response to these comments.

[2] *http://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/financial/csp/?cid=stelprdb1265825.*

Enhancements and Enhancement Options

Comment: NRCS received 17 comments related to enhancements and enhancement options. Among these comments were recommendations that there be more enhancements specific to organic production for certified organic producers, that enhancement options address measurable sustainable practices, and increase the availability of enhancements that will restore grasslands back to native prairie conditions. The comments related to the native grass enhancements asserted that this recommendation would provide a mechanism for better wildlife management for hunting and recreational use, and thus stimulate rural economies in small towns.

NRCS Response: NRCS will consider these recommendations in its identification and adoption of enhancements for future signups. Consistent with program purpose, future enhancements will meet or exceed the quality criteria for resource concerns. These comments do not relate directly to the regulations, and therefore no changes were made to the CSP regulations in response to these comments.

Environmental Credits

Comment: NRCS received two comments related to environmental credits. One respondent recommends that there be a program that compensates for carbon sequestration and another requests that access to environmental credit trading opportunities be made available to CSP participants.

NRCS Response: NRCS identifies in § 1470.37 of the CSP regulations that CSP participants may achieve environmental benefits that qualify for environmental credits under an environmental credit-trading program. However, a CSP participant who enters into such a credit-trading program must ensure that any activities under that trading program are consistent with their responsibilities under the CSP contract. While CSP does not make payments directly for carbon sequestration, many of the conservation activities for which payment is made do assist with carbon sequestration efforts. For example, high residue cover crops or mixtures of high residue cover crops for weed suppression and soil health, or prairie restoration for grazing and wildlife habitat, both provide carbon building opportunities. No changes were made to the CSP regulation in response to these comments.

Fairness

Comment: NRCS received six comments recommending all farmers be treated equally, and for NRCS to keep the small and medium-sized agricultural entities at the forefront of NRCS plans.

NRCS Response: NRCS reviews each of its policies in light of how such policy may affect small and medium-sized agricultural operations, and removes, wherever possible, any barriers to full participation. NRCS is also exploring other ways to increase participation of producers with small operations, including expanding the minimum payment to all producers and potentially designating ranking pools for small operations to accommodate competitions of applicants that have similar challenges, such as limited resources to implement new activities. These efforts being evaluated are expected to increase participation of small operations and treat all producers fairly. NRCS considered these comments about fairness when reviewing how to address all the other topics raised by the public comments.

Modifications

Comment: NRCS received two comments recommending that participants be allowed to add qualifying land to an existing CSP contract during the CSP contract term, and three other comments recommending that participants be allowed to remove land from a CSP contract and that NRCS adopt more flexibility to allow participants to make changes to the resource inventory for their agricultural operation without penalty.

NRCS Response: NRCS recognizes that some of its flexibility in managing CSP contracts was limited by the business tools available. As identified above, NRCS has convened a team to review the business processes and methods used to implement CSP, including methods that may facilitate greater flexibility in allowing participants to make appropriate modifications to their CSP contracts. No changes were made to the CSP regulation in response to these comments.

The CSP contract modification and transfer provision encompasses circumstances where a participant is considered in violation of their CSP contract for losing control of the land under contract for any reason. NRCS may allow a participant to transfer the CSP contract rights to an eligible producer provided: (1) The participant notifies NRCS of the loss of control within the time specified in the contract; (2) NRCS determines that the new producer is eligible to participate in the program; and (3) the transfer of the contract rights does not interfere with meeting program objectives.

Given that the new producer is not a party to the CSP contract until NRCS approves the contract transfer and adds the new producer to the contract, a new producer may not be aware they are not eligible for payment until the contract transfer has been approved by NRCS. In particular, any activities that a new producer implements prior to NRCS approval of the contract transfer is not eligible for payment because they are not a program participant at the time of implementation. NRCS is taking this opportunity to clarify the provisions at 7 CFR 1470.25, including: (1) A participant's responsibility to notify NRCS about any loss of control of land; (2) the timing of when a new producer must be identified; (3) the timing of when a new producer becomes eligible for payment; and (4) the circumstances when partial or full termination of the contract may be appropriate. This change does not affect the substance of NRCS regulatory and policy framework regarding land transfers.

Outreach

Comment: NRCS received two comments related to the topic of outreach, including recommendations that NRCS explore more options to attract more organic producers to CSP.

NRCS Response: In prior years, NRCS has offered enhancements that specifically address organic production and transitioning to organic production. Additionally, NRCS has offered conservation activities which have a high likelihood of adoption by organic producers or those who are interested in transitioning to organic production. NRCS is currently exploring opportunities to simplify CSP implementation, and is going to tie its enhancement offerings more closely with NRCS conservation practices. Through the new process, NRCS anticipates offering expanded opportunities for participation by organic productions and those transitioning to organic production, such as offering enhancement bundles specifically targeted to these producers. Enhancement bundles are a suite of enhancements that provide greater environmental benefits when implemented in conjunction with one another.

Payments

Comment: NRCS received 114 comments related to payments under CSP, nearly all of which expressed

concern about two primary issues: The $1,000 minimum annual payment to historically underserved producers and the basis upon which payments are calculated. The commenters nearly uniformly requested that the minimum annual payment be increased to $1,500 for all CSP participants. In regard to the second issue, commenters were split in their recommendations. Many of the commenters recommended that CSP place more emphasis upon paying for existing conservation activities rather than for adopting new conservation activities, while other commenters recommended that CSP payments be limited to new conservation activities.

NRCS Response: Currently, § 1470.24(c) identifies that NRCS will make a minimum contract payment to historically underserved participants at a rate determined by the Chief in any fiscal year that a contract's payment amount total is less than $1,000. Thus, currently, the minimum payment amount is only available to limited resource farmers, beginning farmers and ranchers, and socially disadvantaged farmers and ranchers. NRCS examined several scenarios and the impact that the adoption of different policies would have on program expenditures, and decided to adopt, for fiscal year 2016, a minimum contract payment of $1,500 for any participant whose annual contract amount is less than $1,500. The Chief may modify this minimum contract payment in future years based upon the effort required of a participant to comply with contract requirements. Therefore, § 1470.24(c) in this final rule has been modified accordingly.

As for payment split calculations, the balance between how much emphasis is placed on existing conservation activities versus new conservation activities has been repeatedly raised and addressed in program implementation. CSP program participants are eligible to receive annual payments for existing conservation levels and to implement additional conservation activities. The costs associated with maintaining existing conservation levels are often less than the costs associated with implementing additional conservation activities, resulting in additional conservation activities contributing more to the annual payment rate. NRCS believes maintaining the current payment process in favor of additional activities ensures that the program emphasis meets statutory intent and that stewardship levels improve over the term of the contract. Further, this payment structure provides the appropriate encouragement to ensure such improvement. No changes were made to the regulation in response to these comments.

Producers

Comment: NRCS received one comment recommending that participants be ''actively engaged'' in the agricultural operation.

NRCS Response: NRCS concurs with the respondent's recommendation and had incorporated this requirement in the CSP interim rule at 7 CFR 1470.6(a)(1). Since such requirement already exists, no further changes have been made to the CSP regulation in response to this comment.

Ranking

Comment: NRCS received 47 comments on the topic of ranking, most of which recommended that existing activities be given either equal or greater priority in ranking applications, while a couple of comments recommended that new activities be given priority in ranking. Some of the commenters recommended that ranking be based on environmental benefits and outcomes.

NRCS Response: In § 1470.20(d) of the CSP interim rule and related discussion in the preamble, NRCS identified that it would maintain weightings of ranking factors that continue to emphasize greatly the extent to which additional activities will be adopted. The ranking provisions in the CSP statute favor additional activities over existing activities. NRCS gives equal weight to each of the statutory factors, resulting in greater emphasis upon new activities. NRCS believes maintaining the current ranking process in favor of additional activities ensures that the program emphasis meets CSP's statutory intent. No changes were made to the regulation in response to these comments.

Renewals

Comment: NRCS received four comments related to contract renewal, including: Disagreement with the requirement to maintain the documented system when renewing, concern that additional activities become existing activities under renewal and are thus unavailable to be planned again, concern that it appears payments for renewed grazing operations is half of the original contract but the same does not appear to be true for cropland operations, and a recommendation that producers should be able to drop irrelevant practices at the time of renewal.

NRCS Response: NRCS incorporated the statutory requirements for contract renewal in § 1470.26 of the CSP interim rule. The purpose of the requirement to maintain the documented system when renewing is to ensure that the producer is ''in compliance with the terms of their initial contract as determined by NRCS'' (7 CFR 1470.26(b)(1)). No changes were made to the regulation in response to this comment; however, NRCS is reviewing its business methods, and is exploring ways to facilitate the substitution of conservation activities between the initial contract and the renewal contract where appropriate.

The difference in payment rates between the initial contract and a renewal contract results from the different activities that will be implemented during the renewal contract. In particular, once a participant has adopted a conservation activity under the original contract, the participant only incurs maintenance costs associated with that conservation activity under a renewal contract related to the costs. The costs of maintenance for most conservation activities are lower than the costs incurred during initial implementation, thus resulting in a lower payment rate for the renewal contract unless the participant adopts new conservation activities. Due to the changes in the availability of certain activities and enhancements, these payment disparities seem to be more pronounced for contract renewals associated with the first, 2010–2011, signup, and NRCS analysis reveals that higher payments will be available for future renewal signup.

State Technical Committees

Comment: NRCS received one comment related to the topic of State Technical Committees, recommending that the process by which these committees provide input to identify a priority resource concern should be more transparent.

NRCS Response: NRCS has published a regulation (at 7 CFR part 610, subpart C) and standard operating procedures (*e.g.,* 74 FR 66907) for how it seeks input from the State Technical Committees and how the public can be aware of their activities. In particular, pursuant to 7 CFR 610.23, State Conservationists must provide public notice and allow the public to attend State Technical Committee and Local Working Group meetings. The meeting notice must be published at least 14 calendar days prior to a State Technical Committee meeting, unless State open meeting laws exist and provide for a longer notification period. NRCS believes that how it conducts its meetings provides transparency regarding State Technical Committee input with respect to all of its conservation programs, including

identification of priority resource concerns for CSP implementation. No changes were made to the CSP regulations in response to this comment.

Stewardship Thresholds

Comment: NRCS received 46 comments that the stewardship thresholds should be set at a sustainable level.

NRCS Response: NRCS currently incorporates sustainability in the established thresholds based upon information within the NRCS Technical Guides, which establish standards for resource conditions that help provide sustained use of natural resources. NRCS will continue evaluating stewardship thresholds after each signup to ensure the program purpose continues to be met as signups progress and the pool of applicants change. No changes were made to the CSP regulation in response to these comments.

Regulatory Changes

As identified above, in response to public comments, NRCS is changing the minimum contract payment available under § 1470.24(c).

In addition to these changes, NRCS is also making a change with respect to a contract requirement under § 1470.24(a) and (b). In particular, paragraph (a) requires that at least one additional conservation activity must be scheduled, installed, and adopted in the first fiscal year of the contract, and all enhancements must be scheduled, installed, and adopted by the end of the third fiscal year of the contract. Paragraph (b)(2) requires that a resource-conserving crop rotation must be planted on at least one-third of the rotation acres by the third fiscal year of the contract.

These requirements arose under the original program to ensure that there was sufficient justification of costs for NRCS to make payment in the first year of enrollment and that participants implement enhancements and crop rotations as soon as possible in the term of the contract. NRCS is modifying the provision to be consistent with the Environmental Quality Incentives Program found in 7 CFR part 1466 where practices have to be installed within the first 12 months after contract approval versus tying it to a Federal fiscal year. Tying conservation activity implementation to a Federal fiscal year may preclude a participant from having a full year to implement a conservation activity. Even so, NRCS remains cognizant that CSP and EQIP have certain fundamental differences that require different approaches. One of these is that CSP, unlike EQIP, targets the best conservation stewards. As such, it is reasonable to expect under most circumstances that CSP participants will implement enhancements and resource-conserving crop rotations expeditiously. Thus, NRCS maintains the time requirement in the regulation in which enhancements and resource-conserving crop rotations must be implemented, but provides the Chief with flexibility to ensure appropriate planning for particular enhancements and resource-conserving crop rotations where conservation stewardship goals will be better met with a different implementation schedule.

Therefore, NRCS is adjusting these time requirements in the regulation. These changes will improve implementation of CSP stewardship plan requirements and minimize the need for unnecessary late scheduling implementation waivers to allow the producer to earn the first payment if the contract is awarded late in the Federal fiscal year. Additionally, NRCS has simplified language to incorporate the 2014 Act's removal of the required use of CMT and the flexibility provided to prorate annual payments over the term of the contract.

Regulatory Certifications

Executive Order 12866 and 13563

Executive Order 12866, ''Regulatory Planning and Review,'' and Executive Order 13563, ''Improving Regulation and Regulatory Review,'' direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. NRCS is currently conducting a focused internal review of CSP and accompanying regulations with the goal of providing improved customer service and, ultimately, improved program performance. NRCS is also exploring ways to emphasize priority enhancements in CSP, as well as ways to better understand and relay to the public the economic and environmental benefits of conservation implementation over time. NRCS expects the results of these retrospective review efforts to improve management and maximize the impact of the intended conservation benefits associated with the program.

The Office of Management and Budget (OMB) designated this final rule a significant regulatory action. The administrative record is available for public inspection at USDA headquarters at 1400 Independence Avenue, Southwest, South Building, Room 5247, Washington, DC 20250. Pursuant to Executive Order 12866, NRCS conducted a regulatory impact analysis of the potential impacts associated with this program. A summary of the analysis can be found at the end of this preamble, and a copy of the analysis is available upon request from the Director of the Financial Assistance Programs Division (see above for contact information), or electronically at: *http://www.nrcs.usda.gov/programs/csp/* under the CSP Rules and Notices with Supporting Documents title. In addition, the analysis and other supporting documents can be found at *www.regulations.gov* by accessing docket number NRCS–2014–0008.

Executive Order 12866, as supplemented by Executive Order 13563, requires each agency to write all rules in plain language. In addition to the substantive comments NRCS received to the interim rule, NRCS invited public comment on how to make the provisions easier to understand. NRCS has incorporated these recommendations for improvement where appropriate. NRCS responses to public comment are described more fully later in this preamble.

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601–612) generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements under the Administrative Procedure Act or any other statute. NRCS did not prepare a regulatory flexibility analysis for this rule because NRCS is not required by 5 U.S.C. 553, or any other provision of law, to publish a notice of proposed rulemaking with respect to the subject matter of this rule. Even so, NRCS has determined that this action, while mostly affecting small entities, will not have a significant economic impact on a substantial number of these small entities. NRCS made this determination based on the fact that this regulation only impacts those who choose to participate in the program. Small entity applicants will not be affected to a greater extent than large entity applicants.

Environmental Analysis

NRCS has determined that changes made by this rule fall within a category of actions that are excluded from the

requirement to prepare either an Environmental Assessment (EA) or Environmental Impact Statement (EIS). The changes made by the rule are primarily those mandated by the 2014 Act, though there are additional administrative changes made to improve consistency with other NRCS programs and make other clarifications. NRCS has no discretion with respect to changes mandated by the 2014 Act; therefore, the National Environmental Policy Act (NEPA) does not apply. Administrative changes made in this rule fall within a categorical exclusion for policy development relating to routine activities and similar administrative functions (7 CFR 1b.3(a)(1)), and NRCS has identified no extraordinary circumstances that would otherwise require preparation of an EA or EIS.

To further its site-specific compliance with NEPA, NRCS reviewed the 2009 CSP Programmatic EA, and found this rule makes no substantial changes that are relevant to environmental concerns as compared to the EA proposed action. Furthermore, NRCS has not found any significant new circumstances or information relevant to environmental concerns. As a result, NRCS will continue to tier to the 2009 CSP Programmatic EA as appropriate to meet NEPA requirements related to site-specific activities.

Civil Rights Impact Analysis

NRCS has determined, through a Civil Rights Impact Analysis, that the final rule discloses no disproportionately adverse impacts for minorities, women, or persons with disabilities. The national target of setting aside 5 percent of CSP acres for socially disadvantaged farmers and ranchers, and an additional 5 percent of CSP acres for beginning farmers and ranchers, as well as prioritizing veterans applications that are competing in these subaccounts for socially disadvantaged farmers and ranchers, and beginning farmer and ranchers is expected to increase participation among these groups.

The data presented in the analysis indicate producers who are members of the protected groups have participated in NRCS conservation programs at parity with other producers. Extrapolating from historical participation data, it is reasonable to conclude that CSP will continue to be administered in a nondiscriminatory manner. Outreach and communication strategies are in place to ensure all producers will be provided the same information to allow them to make informed decisions regarding the use of their lands that will affect their participation in USDA programs. NRCS conservation programs apply to all persons equally, regardless of their race, color, national origin, gender, sex, or disability status. Therefore, this interim rule portends no adverse civil rights implications for women, minorities, or persons with disabilities.

Paperwork Reduction Act

Section 1246 of the 1985 Act provides that implementation of programs authorized by Title XII of the 1985 Act be made without regard to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). Therefore, NRCS is not reporting recordkeeping or estimated paperwork burden associated with this final rule.

Government Paperwork Elimination Act

NRCS is committed to compliance with the Government Paperwork Elimination Act and the Freedom to E-File Act, which require government agencies, in general, to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. To better accommodate public access, NRCS has developed an online application and information system for public use.

Executive Order 13175

This final rule has been reviewed in accordance with the requirements of Executive Order 13175, ''Consultation and Coordination with Indian Tribal Governments.'' Executive Order 13175 requires Federal agencies to consult and coordinate with Tribes on a government-to-government basis regarding policies that have Tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Tribes, on the relationship between the Federal government and Tribes, or on the distribution of power and responsibilities between the Federal government and Tribes. NRCS has assessed the impact of this final rule on Tribes and determined that this rule does not have Tribal implications that require Tribal consultation under Executive Order 13175.

The agency has developed an outreach and collaboration plan that it has been implementing as it develops its policy in regard to the 2014 Act. If a Tribe requests consultation, NRCS will work at the appropriate local, State, or national level, including with the USDA Office of Tribal Relations, to ensure meaningful consultation is provided where changes, additions, and modifications identified herein are not expressly mandated by Congress.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104–4, requires Federal agencies to assess the effects of their regulatory actions on the private sector, or State, local, and Tribal governments of $100 million or more in any one year. When such a statement is needed for a rule, section 205 of UMRA requires NRCS to prepare a written statement, including a cost-benefit assessment, for proposed and final rules with ''Federal mandates'' that may result in such expenditures for State, local, or Tribal governments, in the aggregate, or to the private sector. UMRA generally requires agencies to consider alternatives and adopt the more cost effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates, as defined under Title II of UMRA, for the private sector, or State, local, and Tribal governments. Thus, this rule is not subject to the requirements of sections 202 or 205 of UMRA.

Executive Order 13132

NRCS has considered this final rule in accordance with Executive Order 13132, issued August 4, 1999. NRCS has determined that the final rule conforms with the federalism principles set out in this Executive Order, would not impose any compliance costs on the States, and would not have substantial direct effects on the States, on the relationship between the Federal government and the States, nor on the distribution of power and responsibilities among the various levels of government. Therefore, NRCS concludes that this final rule does not have federalism implications.

Economic Analysis—Executive Summary

CSP is authorized under the provisions of Chapter 2, Subtitle D of Title XII of the 1985 Act (16 U.S.C. 3830 *et seq.*), as amended by Title II, Subtitle D of the 2008 Act, Public Law 110–246, 122 Stat. 1651 (2008), and by Title II, Subtitle B of the 2014 Act, Public Law 113–79 (2014). The Secretary of Agriculture, acting through the Chief of NRCS, administers the program.

As part of the 2014 Act, Congress reauthorized CSP and capped enrollment at 10 million acres for each fiscal year during the period February 7, 2014, through September 30, 2022. However, the 2014 Act only provided funding through fiscal year 2018. CSP contracts run for 5 years and include the

potential for a one-time renewal option for an additional 5 years, thus creating financial obligations through fiscal year 2027 for commitments made during fiscal years 2014 to 2018. Nationally, program costs cannot exceed an annual average rate of $18 per acre. For each of the five fiscal year signups (2014 to 2018) including a one-time contract renewal option for an additional 5 years, Congress authorized a maximum of $1.8 billion. Total authorized funding equals $9 billion for the five signups.

Participation in CSP is voluntary. Agricultural and forestry producers decide whether or not CSP participation helps them achieve their objectives. Hence, CSP participation is not expected to negatively impact program participants and nonparticipants.

Pursuant to Executive Order 12866, Regulatory Planning and Review (Office of the President, 1993) and the Office of Management and Budget's Circular A–4 (Office of Information and Regulatory Affairs, 2003) that provides guidance in conducting regulatory analyses, NRCS conducted an assessment of CSP consistent with its classification as a ''significant'' program. Most of this rule's impacts consist of transfers from the Federal government to producers. Although these transfers create incentives that very likely cause changes in the way society uses its resources, we lack data to estimate the resulting social costs or benefits. This analysis therefore, includes a summary of program costs and qualitative assessment of program impacts.

Total program obligations for CSP are shown in table E1. Obligations include only costs to the Federal government between fiscal year 2014 and 2027 (five signups with one-time, 5-year contract renewals). Projected maximum program obligations in nominal dollars equal $9 billion. Given a 3 percent discount rate, projected cumulative program obligations equal $6.405 billion in constant 2014 dollars. At a 7 percent discount rate, maximum program obligations equal $4.942 billion in constant 2014 dollars. Average annualized obligations at the 3 percent and 7 percent discount rates equal $567 million and $565 million, respectively.

TABLE E1—PROJECTED MAXIMUM PROGRAM OBLIGATIONS FOR CSP, FY 2014 THROUGH FY 2027 [a]

Fiscal year	Obligation [b] (million $)	GDP price deflator [c] (2014=100)	Obligation constant dollars (million $)	Discount factors for 3%	Present value of obligation—3% (million $)	Discount factors for 7%	Present value of obligation—7% (million $)
FY14	180	100.0000	180	0.9709	175	0.9346	168
FY15	360	102.1000	353	0.9426	332	0.8734	308
FY16	540	104.2441	518	0.9151	474	0.8163	423
FY17	720	106.4332	676	0.8885	601	0.7629	516
FY18	900	108.6683	828	0.8626	714	0.7130	591
FY19	900	110.9504	811	0.8375	679	0.6663	541
FY20	900	113.0584	796	0.8131	647	0.6227	496
FY21	900	115.2065	781	0.7894	617	0.5820	455
FY22	900	117.3954	767	0.7664	588	0.5439	417
FY23	900	119.6260	752	0.7441	560	0.5083	382
FY24	720	121.8989	591	0.7224	427	0.4751	281
FY25	540	124.2149	435	0.7014	305	0.4440	193
FY26	360	126.5750	284	0.6810	194	0.4150	118
FY27	180	128.9799	140	0.6611	92	0.3878	54
Total	9,000		7,912		6,405		4,942
Annualized Obligations					567		565

[a] Table 1 of this document.
[b] Congress set a maximum of 10 million acres per signup and a national payment rate of $18 per acre. With a one-time contract renewal option, each signup equals $1.8 billion in projected program obligations over its 10-year period. Congress authorized five signups.
[c] For years 1 to 5, the GDP adjustment is 2.10 percent (OMB); for years 6 to 14, the GDP adjustment factor is 1.90 percent (average growth since 1993).

Compared to CSP as authorized under the 2008 Act, Congress reduced its size but left much of CSP's underlying structure intact. In addition, the Secretary of Agriculture proposed a number of discretionary changes as a means of improving program implementation.

As shown in table E2, the downsizing of CSP from an annual 12.769-million-acre program to an annual 10-million-acre program has the greatest impacts on program funds, conservation activities, and cost-effectiveness. Program funds, which include financial and technical assistance, decrease by $2.492 billion (nominal dollars), compared to CSP under the 2008 Act. With fewer acres and fewer dollars, fewer contracts will be funded under the 2014 Act. The new conservation activities that would have been applied to enhance the existing activities on the lost 2.769 million acres will not be applied to the Nation's working lands. However, cost-effectiveness, defined as dollars per additional unit of conservation effect, will improve slightly because lower ranked eligible applications are the first ones cut from every State's ranking pools. That is, obligations per unit of conservation effect will be lower under the 2014 Act. Properly implemented, a smaller sized CSP will be neutral in its impacts across all producer types, including beginning and socially disadvantaged groups.

TABLE E2—PROGRAM IMPACTS OF THE STATUTORY REQUIREMENTS AND DISCRETIONARY ACTIONS [a]

Statutory	Based on 2008 CSP Farm Bill Provisions: 12.769 Million Acres vs. 10 Million Acres			
	Program funds	Impacts of conservation activities	Cost-effectiveness	Participant diversity
Acreage Enrollment Limitation.	−$2.492 billion in program funds.	Significantly large decrease.	Small improvement	No impact.
	2008 CSP at 10 Million Acres vs. 2014 CSP at 10 Million Acres			
Conditions for Contract Renewal.	Small/Moderate decrease	Increase	Small Improvement	No Impact.
Discretionary	Program funds	Impacts of conservation activities	Cost-effectiveness	Participant diversity
Contract Renewal: To renew contracts, shift eligibility determinations to applicable priority resource concerns.	Moderate decrease	Marginal Increase	Marginal Improvement	No Impact.
Annual minimum contract payment (increase to $1,500; all participants).	+; Negligible	No Impact	−; Negligible	No Impact.

[a] Shortened version of table 9 and table 11 in the main document.

One additional legislated change in the 2014 Act, additional contract renewal requirements, is also expected to generate smaller, yet important program impacts. The legislated 2014 contract renewal requirements—producer agrees to meet the stewardship thresholds for at least two additional priority resource concerns by the end of the renewed contract period *or* to exceed the stewardship thresholds of at least two existing priority resource concerns specified in the original contract—will likely result in a slightly larger portion of CSP participants not renewing their contracts compared to a comparably sized 2008 CSP and renewal rate. The 2008 Act only requires the addition of one or more new conservation activities for contract renewal. However, CSP participants under the 2014 Act are required to add activities to meet or exceed stewardship thresholds for at least two priority resource concerns, thus likely increasing the number of additional activities applied in the second 5-year period. With yearly payments extended and more activities being applied under 2014 Act renewals, a slight improvement in cost-effectiveness is expected. Overall no differential impacts are expected between general agricultural and forest producers, and beginning and socially disadvantaged producers, including veteran status.

An important discretionary change is clearly defining the terms ''applicable priority resource concerns'' and ''other priority resource concerns''. ''Applicable priority resource concerns'' represent resource issues within a watershed or portion of a State that NRCS is targeting for improvement. ''Other priority resource concerns'' are resource concerns that may or may not exist in a watershed but are currently not being targeted for improvement. These definitions allow NRCS to better describe how it is targeting resources to meet statutory objectives.

A second discretionary change is the implementation of a $1,500 minimum annual payment. Any CSP contract with an annual payment less than $1,500 is increased to $1,500. Comments submitted in response to CSP's Interim Rule (NRCS, 2014) suggest that CSP is not cost effective for small operations because payments are based on acres and not costs. Planning, management, machinery, and equipment costs, for example, typically decrease as operation size increases due to economies of scale. As shown, in table E2, this discretionary change negligibly increases program funds, does not impact any existing or new conservation activities, negligibly decreases cost-effectiveness, and does not change participant diversity with respect to the historically underserved.

In summary, differences in program impacts between the 2008 CSP and the 2014 CSP can be attributed primarily to the program's smaller acre cap of 10 million acres. Statutory requirements related to contract renewals and proposed discretionary actions will result in a more focused approach to meeting conservation objectives and encouraging more participation of small operations.

List of Subjects in 7 CFR Part 1470

Agricultural operation, Conservation activities, Natural resources, Priority resource concern, Stewardship threshold, Resource-conserving crop rotation, Soil and water conservation, Soil quality, Water quality and water conservation, Wildlife and forest management.

Accordingly, the interim rule amending 7 CFR part 1470, which was published at 79 FR 65836 on November 5, 2014, is adopted as a final rule with the following changes:

PART 1470—CONSERVATION STEWARDSHIP PROGRAM

■ 1. The authority citation for part 1470 continues to read as follows:

Authority: 16 U.S.C. 3838d–3838g;

■ 2. Amend § 1470.24 by revising paragraphs (a)(1)(i), (a)(3), (b)(2), and (c) to read as follows:

§ 1470.24 Payments.

(a) * * *

(1) To receive annual payments, a participant must:

(i) Install and adopt additional conservation activities as scheduled in the conservation stewardship plan. At least one additional conservation activity must be scheduled, installed, and adopted within the first 12 months of the contract. All enhancements must be scheduled, installed, and adopted by the end of the third fiscal year of the contract, unless the Chief approves a different schedule to meet specific conservation stewardship goals. Installed enhancements must be

maintained for the remainder of the contract period and adopted enhancements must recur for the remainder of the contract period.

* * * * *

(3) Annual payments will be prorated over the contract term so as to accommodate, to the extent practicable, participants earning equal annual payments in each fiscal year;

* * * * *

(b) * * *

(2) A participant must adopt or improve the resource-conserving crop rotation during the term of the contract to be eligible to receive a supplemental payment. Unless the Chief approves a different schedule to meet the conservation stewardship goals of particular crop rotation sequences, a resource-conserving crop rotation:

(i) Is considered adopted when the resource-conserving crop is planted on at least one-third of the rotation acres; and

(ii) Must be adopted by the third fiscal year of the contract and planted on all rotation acres by the fifth fiscal year of the contract; and

* * * * *

(c) *Minimum contract payment.* NRCS may make a minimum contract payment to a participant in any fiscal year in which the contract's payment amount total is less than a rate determined equitable by the Chief based upon the effort required by a participant to comply with the terms of the contract.

* * * * *

■ 3. Amend § 1470.25 by revising paragraph (d) and adding new paragraphs (e) through (g) to read as follows:

§ 1470.25 Voluntary contract modifications and transfers of land.

* * * * *

(d) Within the time specified in the contract, a participant must provide NRCS with written notice regarding any voluntary or involuntary loss of control of any acreage under the CSP contract, which includes changes in a participant's ownership structure or corporate form. Failure to provide timely notice will result in termination of the entire contract.

(e) Unless NRCS approves a transfer of contract rights under this paragraph, a participant losing control of any acreage will constitute a violation of the CSP contract and NRCS will terminate the contract and require a participant to refund all or a portion of any financial assistance provided. NRCS may approve a transfer of the contract if:

(1) NRCS receives written notice that identifies the new producer who will take control of the acreage, as required in paragraph (d) of this section;

(2) The new producer meets program eligibility requirements within a reasonable time frame, as specified in the CSP contract;

(3) The new producer agrees to assume the rights and responsibilities for the acreage under the contract; and

(4) NRCS determines that the purposes of the program will continue to be met despite the original participant's losing control of all or a portion of the land under contract.

(f) Until NRCS approves the transfer of contract rights, the new producer is not a participant in the program and may not receive payment for conservation activities commenced prior to approval of the contract transfer.

(g) NRCS may not approve a contract transfer and may terminate the contract in its entirety if NRCS determines that the loss of control of the land was voluntary, the new producer is not eligible or willing to assume responsibilities under the contract, or the purposes of the program cannot be met.

Signed this 3rd day of March, 2016, in Washington, DC.

Jason A. Weller,

Chief, Natural Resources Conservation Service, Vice President, Commodity Credit Corporation.

[FR Doc. 2016–05419 Filed 3–9–16; 8:45 am]

BILLING CODE 3410–16–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2015–3753; Directorate Identifier 2015–NE–26–AD; Amendment 39–18406; AD 2016–04–12]

RIN 2120–AA64

Airworthiness Directives; Turbomeca S.A. Turboshaft Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: We are adopting a new airworthiness directive (AD) for certain Turbomeca S.A. Arriel 2B, 2B1, 2C, 2C1, 2C2, 2D, 2E, 2S1, and 2S2 turboshaft engines. This AD requires inspection, and, depending on the results, removal of the engine accessory gearbox (AGB). This AD was prompted by a report of an uncommanded in-flight shutdown (IFSD) of an Arriel 2 engine caused by rupture of the 41-tooth gear, which forms part of the bevel gear in the engine AGB. We are issuing this AD to prevent failure of the engine AGB, which could lead to in-flight shutdown, damage to the engine, and damage to the aircraft.

DATES: This AD becomes effective April 14, 2016.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of April 14, 2016.

ADDRESSES: For service information identified in this final rule, contact Turbomeca S.A., 40220 Tarnos, France; phone: 33 0 5 59 74 40 00; fax: 33 0 5 59 74 45 15. You may view this service information at the FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA. For information on the availability of this material at the FAA, call 781–238–7125. It is also available on the Internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2015–3753.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov* by searching for and locating Docket No. FAA–2015–3753; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this AD, the mandatory continuing airworthiness information (MCAI), the regulatory evaluation, any comments received, and other information. The address for the Docket Office (phone: 800–647–5527) is Document Management Facility, U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Philip Haberlen, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA 01803; phone: 781–238–7770; fax: 781–238–7199; email: *philip.haberlen@faa.gov.*

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to the specified products. The NPRM was published in the **Federal Register** on November 24, 2015 (80 FR 73148). The NPRM proposed to correct an unsafe condition for the specified products. The MCAI states: