

## Title II – Conservation

### Subtitle A –Conservation Reserve Program

#### *(1) Extension and Enrollment Requirements*

The House bill amends the maximum acres as follows: 27,500,000 acres in fiscal year 2014; 26,000,000 acres in fiscal year 2015; 25,000,000 acres in fiscal year 2016; 24,000,000 acres in fiscal year 2017; and 24,000,000 acres in fiscal year 2018. Additionally, the House bill caps grassland enrollment at 2,000,000 acres at any one time. (Section 2001)

The Senate amendment amends the maximum acres as follows: 30,000,000 acres in fiscal year 2014; 27,500,000 acres in fiscal year 2015; 26,500,000 acres in fiscal year 2016; 25,500,000 acres in fiscal year 2017; and 25,000,000 acres in fiscal year 2018. Additionally, the Senate amendment caps grassland enrollment at 1,500,000 acres at any one time. (Section 2001)

The Conference substitute adopts the House provision. (Section 2001)

The Managers agreed to an overall reduction in the maximum acres that could be enrolled in the Conservation Reserve Program (CRP), however, this should not serve as an indicator of declining support for CRP. The Managers intend for CRP to be implemented at authorized levels, using the statutory flexibility, and for the program to continue as one of USDA's key conservation programs in concert with working lands conservation efforts.

Within the overall acreage cap, the Conference substitute provides for grasslands to be enrolled in CRP and authorizes the Secretary to grant priority to lands expiring from current CRP contracts that will retain grass cover. This modification accommodates acreage that previously would have been eligible for short-term rental contracts under the Grassland Reserve Program (GRP) for working grasslands.

The specific priority designations for the Chesapeake Bay Region, the Great Lakes Region, and the Long Island Sound Region are removed. The authority for the Secretary to designate conservation priority areas is retained, recognizing the importance of the program for addressing regional and State-identified areas of special environmental sensitivity.

#### *(2) Farmable Wetland Program*

The House bill decreases the overall cap to 750,000 acres. (Section 2002)

The Senate amendment contains no comparable amendments and maintains the current law cap of 1,000,000. (Section 2002)

The Conference substitute adopts the House provision with an amendment to include a clerical amendment from the Senate language. (Section 2002)

#### *(3) Duties of the Secretary*

The House bill amends current law by striking "allotment history" and by moving out certain activities from section 1232(a)(8). Additionally, the House bill permits certain activities in case of drought or other emergency caused by a natural disaster where the activity may occur without a reduction in the rental rate. The bill includes a reduction of not less than 25 percent of the rental rate and establishes the frequency during which managed harvesting may be conducted as not more than once every three years. The bill also establishes the frequency during which routine grazing may occur at not more than once every two years and adds a new subsection that

requires the Secretary to permit certain haying and grazing practices on grasslands specifically. Lastly, it includes a provision for individuals with expiring contracts to initiate conservation and land improvement practices in the final year of contract. To comply, an owner or operator must develop and implement a conservation plan for these activities. Re-enrollment of such lands is prohibited for five years. (Section 2004)

The Senate amendment is similar to the House. However, it specifies flooding as an emergency for the purposes of carrying out certain activities without a reduction in the rental rate payment. Such other emergencies do not need to be a result of a natural disaster. Additionally, the Senate amendment allows for limited grazing by a beginning farmer or rancher without any reduction in the rental rate and includes habitat during the *primary* nesting season for *critical* birds. The Senate amendment establishes a frequency during which managed harvesting may be conducted at least once every five but not more than once every three years and allows for prescribed grazing for the control of invasive species to occur annually. The frequency for routine grazing is similar to the House bill. However, the Senate amendment specifies that the Secretary must take into account the presence of threatened or endangered wildlife and wildlife habitat and requires conservation and land improvement practices in the last year of the contract to maintain the protection of highly erodible land. Lastly, it states that the annual payment amount shall be reduced by an amount commensurate with any income or compensation received as a result of these activities. (Section 2004)

The Conference substitute adopts the House provision by eliminating “allotment history.” The substitute adopts the Senate language including flooding or other emergencies as an emergency not a result of a natural disaster and adds limited grazing by livestock of a beginning farmer or rancher without a reduction in rental rate.

The Conference substitute did not specify the range of situations under which CRP could be used to mitigate the impacts on agricultural producers resulting from adverse and extreme weather events or conditions. While these acres can provide additional forage when they are located within the disaster footprint, these forages also could assist in meeting livestock forage needs when near to the affected area, or when CRP contract holders are willing to make their forage available to those affected by the emergency, or when flooding displaces grazing livestock. The Managers expect the Secretary to make this forage available in response to disasters that affect other producers without regard to the location of the enrolled lands. This section establishes the frequency of harvesting and routine grazing on acres enrolled in CRP contracts, consistent with a conservation plan, and provides for the incidental use of buffers adjacent to agricultural lands.

Authorized activities for newly eligible grasslands include grazing, haying, mowing, or harvesting for seed production. The Secretary shall permit activities such as fire pre-suppression, rehabilitation and construction of fire breaks, fencing, livestock watering, and necessary cultural practices. These uses of the land are consistent with those allowed for existing GRP rental contracts and are carried over here to align with the authorized activities for those grasslands to be enrolled in the conservation reserve.

The substitute adopts the Senate provision on primary nesting season with an amendment to change critical birds to birds in the local area that are in significant decline.

The substitute adopts the Senate language on managed harvesting frequency, prescribed grazing for invasive species, and installation of wind turbines.

The substitute adopts the Senate provision on land improvement and practices in the last year of the contract with an amendment. The amendment limits applicability to enrolled land

and clarifies that the land can be used for economic use. (Section 2004) Provisions are added to allow conservation and land improvement practices in the final year of a contract, with a commensurate reduction in rental value only when the participant derives economic benefit from use of the forage. Re-enrollment of lands modified through this provision is prohibited for at least five years.

The Managers intend that the intensity of all specified activities permitted by the revisions to Section 1233(b) of current law be conducted in accordance with the parameters outlined in the statute. The Conference substitute also requires that specified activities are carried out in accordance with soil, water quality, and wildlife habitat conservation plans to control invasive species while also maintaining the health and viability of the established cover. The Secretary should not require management activities at the specified frequency when it is determined to be technically unnecessary for the cover because drought, fire, or other factors have reduced the need for such cover management action. Additionally, the Secretary, with advice from State Technical Committees, shall ensure that the frequency and duration of all specified activities permitted are reflected in associated conservation plans appropriate for the local climatic conditions, precipitation, soils, and other necessary factors in order to meet the purposes of the program.

The revisions made to section 1233(b)(2) of the current statute clarify the intent of the Managers to expand some uses of the conservation reserve when the activities are consistent with and/or beneficial to the health and viability of the established cover. In doing so, the Managers focused on grasslands-related activities since grasslands are the predominant cover for the program. The Managers intend for this to be sufficient authority to allow such activities to occur when doing so would be a similar benefit to the health and vigor of the cover. For example, the pre-commercial thinning of pine plantings, or the harvesting of pine straw may be allowed with commensurate reduction of rental rates if these activities would be a technically accepted activity for improving the health and viability of the stand, as reflected in the conservation plan. The Managers encourage the Secretary to utilize options other than burning for the disposal of residue removed from CRP lands, as well as lands enrolled in a conservation easement, for contract management and maintenance. The Managers suggest the Secretary coordinate with state government officials to donate this residue to Indian tribes, small and disadvantaged farmers or other similar persons or entities.

#### *(4) Payments*

The House bill amends the payment section of CRP by eliminating in-kind payments. (Section 2005)

The Senate amendment allows for incentive payments for thinning activities and allows for the National Agricultural Statistics Service (NASS) survey of dryland cash rental rates to be used as a factor in determining rental rates, as determined by the Secretary. In addition to eliminating in-kind payments, the Senate amendment adds requirements that payments be made using funds from the Commodity Credit Corporation.

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes the Commodity Credit Corporation payment requirement. (Section 2005) The Managers recommend that the new authority provided under section 1234(c) is used by the Secretary to incentivize owners and operators to conduct practices and utilize management tools that would promote forest management, enhance the overall health of tree stands, improve the condition of resources, or provide valuable habitat for wildlife. Such practices and management

tools should be used to encourage landowners to promote pine savannah habitat or other beneficial resource wildlife habitat practices such as tree thinning, disking, and prescribed burning. Further, the Managers intend for the Secretary to determine any other appropriate practices and management tools that could be employed to achieve the objective of the provision. The Managers acknowledge that similar authority was provided by the Food, Conservation, and Energy Act of 2008, but it did not achieve the goal of incentivizing owners and operators to conduct the necessary practices that section 1234(c) is intended to remedy. Under some situations, local market conditions will greatly affect the cost of implementing the appropriate forest management practices making them costly and difficult to implement. The Managers expect USDA to use the authority under section 1234(c) to provide incentive payments in an amount that will overcome any disincentive for owners and operators to implement these practices in order to improve the condition of the resources, promote forest management or the enhance the wildlife habitat on the land.

The Managers intend that CRP continue as one of USDA's key conservation programs. The Managers remain concerned, however, that USDA does not offer annual payments to producers commensurate with local prevailing rental rates to ensure that enrollment is competitive with other land uses. The 2008 Farm Bill authorized the use of NASS surveys of cropland values; even so, the Managers are aware that in some parts of the country, CRP rental rates continue to trail – in some cases by a large margin – local prevailing rental rates. The Managers intend for USDA to use NASS survey data and other local data on cash rental rates and farmland prices, developed through land grant universities or other sources. The Managers expect USDA to review this data at least annually, and update CRP rental rates to reflect local prevailing rental rates.

#### *(5) Contract Requirements*

The House bill updates the early termination provisions to allow for an early termination option in fiscal year 2015 only of a contract that has been in effect for five years and expands the list of land that is eligible for early termination. Additionally, the House bill makes adjustments to the transition option provisions language to allow a retired farmer or rancher to transfer land to a beginning farmer or rancher to prepare such land to plant an agricultural crop. (Section 2006)

The Senate amendment adds “veteran farmer or rancher”. (Section 2006)  
The Conference substitute adopts both the House and Senate provisions with amendment changing the year for offering early termination to fiscal year 2015. (Section 2006)

The Managers are concerned that USDA has not been fully utilizing CRP technical assistance authorities and funding enacted in the 2008 Farm Bill for agency infrastructure, including outreach, training, and other technical services. The Managers expect USDA to better utilize this authority for internal support and to support outreach and partnerships with non-governmental organizations and other qualified entities to ensure that producers and landowners are fully aware of their options under the program.

The Managers also encourage USDA to continue to make their staff available to attend meetings of agricultural producers at the local, State and national level to educate and inform producers of the programs available to meet natural resource needs on their operations.

The Managers direct the Secretary to, within one year of enactment, report to Congress on the quality of land currently enrolled in CRP based on the land capability classification system, the erodibility index, other eligible lands criteria, and natural resource benefits. The report should include justification for using the prescribed environmental benefits index

threshold for any acres enrolled into the program after enactment. The Secretary shall complete such a report five years thereafter and include the same information on land quality and decisions to enroll types of acres based on the environmental benefits index. If the decision is made to use a different environmental benefits index threshold or methodology for making decisions to enroll program contracts, reasons for the decision should be included in the report.

Additionally the Managers direct the Secretary, within two years of enactment, to complete a comprehensive economic impact study that specifically evaluates the impact the CRP has had on rural communities. The report should include the average county rental rates and rental rates paid for CRP land.

The Managers support ongoing USDA efforts to target the CRP through enrollment of highly-desirable practices such as buffers, filter strips, riparian buffers, acreage of importance to States and local communities, certain wetlands, duck and upland bird habitat buffers, highly erodible land, longleaf pine, and pollinator habitat. This widely-supported targeting effort ensures that critical acreage is protected and productive land remains available for production. The Managers intend that USDA accelerate this evolution of targeted practices to include important natural resource priorities. Examples of such priorities include: water quality and quantity, wildlife habitat, and recreation purposes. The Managers encourage the Secretary to include the use of potentially larger tracts than have previously been awarded a contract in order to continue meeting wildlife habitat needs.

In addition to the Managers' intention that USDA expand the use of continuous and Conservation Reserve Enhancement Program (CREP) practices, the Managers understand that there are concerns in regard to the Department's operation of certain continuous practices, including State Acres for Wildlife Enhancement or so-called "SAFE" acres. The Managers encourage the Secretary to continue efforts to meet the demand for these practices, which have proved popular in some states. The Managers also expect the Secretary to utilize these acres to meet demand for acreage that will impact threatened or endangered species or species of economic significance in a state or region.

The Managers also intend that the provisions in section 2602 regarding availability of Commodity Credit Corporation funding for farm bill conservation programs will ensure the Department has adequate acreage available to meet the demand for the various continuous practices.

## Subtitle B—Conservation Stewardship Program

### *(6) Conservation Stewardship Program*

The House bill amends the definitions section to strike the definition of "conservation measurement tool" and thereby conform with later amendments; relocates the definition of "eligible land" and "agricultural operation" to the definitions section; adds pasture land to the list of eligible land; and expands other eligible agricultural areas to land capable of being used for livestock production. Additionally, it reauthorized the program for FY 2014 through 2018. It states that to be eligible for CSP, a producer must demonstrate that, at the time of the contract offer, the producer meets or exceeds the stewardship threshold for at least two priority resource concerns. The House bill also states that in order to renew the contract, the producer must demonstrate compliance with the initial contract, agree to adopt and continue to integrate conservation activities, and at a minimum meet or exceed the threshold of at least two additional priority resource concerns or exceed the threshold for two existing priority resource concerns.

Also, the House bill provides an annual enrollment limitation of 8,695,000 acres for FY 2014 through 2021 and provides for additional payments to producers that agree to adopt or improve resource conserving crop rotations. (Section 2101)

The Senate amendment is similar to the House bill, but does not include “capable of being used” for the production of livestock; adds improving and conserving the quality and condition of natural resources on purpose; and states that to be eligible for a payment under the Conservation Stewardship Program (CSP), a producer must demonstrate that, at the time of the contract offer, the producer is meeting the stewardship threshold for at least two priority resource concerns. Also, the amendment requires producers to agree to, at a minimum, meet or exceed the stewardship threshold for at least two additional priority resource concerns. Additionally, the Senate amendment provides an annual enrollment limitation of 10,348,000 acres for FY 2012 through 2022. (Section 2101)

The Conference substitute adopts the House provision to include land capable of being used for livestock production in the definition of other eligible land. Section 1238D in the Conference substitute streamlines and consolidates key definitions for the program. The meaning of agricultural operation is consistent with current law. Conservation activities involve conservation systems, practices, and management measures. The term has an inclusive plain language meaning to encompass, for example, conservation planning. The Managers recognize that in developing a conservation plan, a producer incurs significant costs in time, labor, management, and foregone income. The specific mention in the statute of inclusions does not exclude conservation activities that are otherwise within the definition. The definition of conservation stewardship plan makes it clear the plan is to inventory and identify priority resource concerns and to contain the additional specified elements encompassing new as well as existing conservation activities. Eligible land is defined to mean private and tribal land on which agricultural commodities, livestock, or forest-related products are produced plus associated land on which priority resource concerns could be addressed through a contract under the program.

A priority resource concern is defined to mean a natural resource concern or problem that is identified at the national, state, or local level as a priority for a particular area, and that represents a significant concern in a state or region that is likely to be addressed successfully through implementing conservation activities. The Managers understand that the process of identifying priority resource concerns should involve consultation at the state and local levels to the maximum extent practicable, such as with State Technical Committees and local work groups. The stewardship threshold is the level of management required to conserve and improve the quality and condition of a natural resource. The stewardship threshold for a natural resource is a science-based standard at an advanced level of conservation providing for the long-term continued productivity, use, and quality of the resource.

The substitute adopts the Senate provision that includes improving and conserving the quality and condition of natural resources as a program purpose.

The substitute adopts the House provision relating to the requirement that the producer meet or exceed the stewardship threshold of at least two priority resource concerns. It further adopts the House provision on the contract renewal requirement that the producer meet at least two additional resource concerns or exceed two existing resource concerns. The Managers encourage the Secretary to place emphasis on adopting new practices; with new contracts addressing at least one additional priority resource concern and renewing contracts that address at least two priority resource concerns.

The substitute also adopts the House provision which allows eligible producers to receive supplemental payments for making improvements to resource-conserving crop rotations. The Managers intend for the supplemental payment to encourage producers to adopt new or additional beneficial crop rotations that provide significant conservation benefits. The payments are to be available to producers across the country and should not be limited to a particular crop, cropping system, or region of the country. In the Southeast, peanuts are an example of a crop that responds well to increased rotation lengths, which help peanut producers, conserve water, more effectively control disease, and reduce inputs to control disease and increase productivity. Alfalfa is another important rotation crop in many parts of the country and plays a role in adding value to a producer's operation as well as providing natural resource benefits. The Managers recognize the very significant contributions that sorghum has made to resource conservation as a water-conserving crop and expects the Secretary to include sorghum in any supplemental payments for resource conserving crop rotations made available under the CSP.

The substitute lists six criteria for ranking contract offers, prohibits giving a higher ranking to a contract offer based on the applicant's willingness to accept a reduced payment, and allows the development and use of additional criteria to ensure national, state, and local priority resource concerns are addressed effectively. Such additional criteria, should they be developed and used, are not to supersede or be more heavily weighted than the six statutory ranking criteria. The language includes as one of six ranking factors "the number of applicable priority resource concerns proposed to be treated to meet or exceed the stewardship threshold by the end of the contract." The Managers expect that, in using this factor to rank applications, the Natural Resources Conservation Service (NRCS) will verify not only the number of priority resource concerns proposed to be treated at the initial application ranking stage, but also the extent to which the conservation activity proposed for the priority resource concern will meet or exceed the stewardship threshold for that priority resource concern at the expiration of the contract.

The substitute includes an annual enrollment cap of 10,000,000 acres at \$18/acre for the program for the remainder of fiscal year 2014 through fiscal year 2022. (Section 2101)

The Secretary shall prioritize for enrollment in the program lands that are expiring from the CRP in an effort to protect the taxpayer's conservation investment by continuing conservation benefits on those lands and enabling the transition from CRP to a sustainable grass-based or other type of agricultural operation where many of the conservation benefits will continue. The Managers encourage the Secretary to conduct outreach to producers and to facilitate enrollment of such land into the CSP in order to maintain and improve conservation values, such as through grass-based production systems. The subsection also updates the provision excluding land recently converted to cropland.

The Managers believe conservation programs as implemented by USDA should recognize the use of innovative technology such as enhanced efficiency fertilizers. Enhanced efficiency fertilizers, which reduce nitrate losses to the environment, help protect water quality, and reduce greenhouse gas emissions, include slow- and controlled-release fertilizers (absorbed, coated, occluded or reacted) and stabilized nitrogen fertilizers (nitrification inhibitors and nitrogen stabilizers). These tools are recognized in USDA's conservation standards and specifications for nutrient management and related practices and by State regulators of fertilizers.

The Managers recognize the changing nature of agriculture including technological advances, weather-related factors, and markets under which producers must operate their business. During the term of a 5-year agreement, an agriculture operation may make adjustments in production systems in response to the changing markets, weather-related causes, or other

necessary actions essential to the continuing their operation. The Managers expect that the Secretary will ensure producers have the opportunity to adjust their operations while maintaining comparable or enhanced conservation performance of the enrolled acreage and still continuing their contracts.

### Subtitle C—Environmental Quality Incentives Program

#### *(7) Establishment and Administration*

The House bill states that not more than 50 percent of a payment under the Environmental Quality Incentives Program (EQIP) may be made in advance for the purpose of purchasing materials or contracting. Funds not expended in 90 days shall be returned. Additionally, the bill maintains the 60 percent allocation for livestock production and adds a 7.5 percent allocation targeted towards practices benefiting wildlife habitat. The House bill also provides a clerical amendment using the term “Indian Tribes”. The bill includes payments to producers for practices that support the restoration, development, protection, and improvement of wildlife habitat as well as recurring practices for the term of the contract. It also adds a new provision for alternative funding arrangements with eligible irrigation associations. (Section 2202)

The Senate amendment changes the practices for forgone income payment and gives greater significance to addressing resource concerns such as: soil health; water quality and quantity improvement; nutrient management; pest management; air quality improvement; wildlife habitat development, including pollinator habitat; invasive species management; or other resource issues of regional or national significance. Additionally, the amendment maintains and consolidates the authority for the Wildlife Habitat Incentive Program (WHIP) within EQIP. The amendment also maintains the 60 percent allocation for livestock production, provides at least a 5 percent allocation targeted towards practices benefiting wildlife habitat, and strikes the subsection providing for alternative funding arrangements for Native American Indian Tribes and Alaska Native Corporations. Additionally, the alternative funding arrangement provision is expanded to include CSP. The Senate amendment does not include recurring practices for the term of the contract and requires the Secretary to consult at least once a year with the State Technical Committees when determining practices eligible for wildlife habitat incentive payments. The Secretary may make wildlife habitat incentive payments to a state or local government to enroll land that is riparian to or submerged under a water body or wetland. (Section 2202)

The Conference substitute adopts the Senate provision updating the list of practices the Secretary may give special significance to in determining income forgone with an amendment. The list is revised to better reflect natural resource objectives.

The Conference substitute adopts the Senate provision with amendment regarding the revision of the practice list the Secretary may give special significance to when determining income forgone. The Managers intend for the revision to better reflect natural resource objectives and to clarify that conservation practices with a longer lifespan may include more than one year of income forgone when it is necessary to encourage full adoption and maintenance of the practice.

The substitute adopts the House provision that increases the percentage of an EQIP payment that may be made in advance for the purposes of purchasing materials and contracting from 30 percent to 50 percent.

The substitute adopts the Senate provision that maintains the 60 percent allocation for livestock production and further provides for an allocation of at least 5 percent for targeted practices benefiting wildlife habitat. It further adopts the Senate provision striking alternative funding arrangements for Indian Tribes as a conforming amendment to [section 2606] which moves the alternative funding arrangement for EQIP, while adding CSP, to section 1244(l) of the Food Security Act of 1985, as amended. The Managers recognize the broad and significant role of the EQIP program in promoting environmental stewardship among livestock and poultry producers around the country and maintains that 60% of the funding allocation go to these producers. Within six months of enactment, USDA is directed to report to the House Committee on Agriculture and Senate Committee on Agriculture, Nutrition, and Forestry on funds spent over the duration of the last Farm Bill and on whether NRCS has met its statutory obligations.

The substitute adopts the Senate provision on payments to producers for practices that support the restoration, development, protection, and improvement of wildlife habitat. The Managers acknowledge the need to consolidate and streamline conservation programs which is why WHIP was merged within EQIP with the primary goal to provide farmers and ranchers with assistance to improve wildlife habitat on working lands.

The substitute deletes the House provision for alternative funding arrangements with eligible irrigation associations.

The substitute adopts the Senate provision requiring the Secretary to consult at least once a year with the State Technical Committees when determining eligible practices for wildlife habitat incentive payments. The Managers intend that under section 1240B(g)(2) regarding funding of wildlife habitat practices, the Secretary should prioritize fish and wildlife species identified in State, regional, or national wildlife plans and initiatives. However, the Managers did not include the Senate provision that would allow for wildlife habitat incentive payments to a state or local government to enroll land that is riparian to or submerged under a water body or wetland. (Section 2203)

#### *(8) Limitations on Payments*

The House bill provides for a payment limitation of \$450,000 to a person or legal entity for all EQIP contracts entered during FY 2014 through FY 2018. (Section 2205)

The Senate amendment maintains the \$300,000 payment limitation but strikes the six year period timeframe and inserts FY 2014 through FY 2018. The amendment also maintains the waiver authority “for not more than \$450,000” in current law. (Section 2205)

The Conference substitute adopts the House provision. (Section 2206)

#### *(9) Conservation Innovation Grants*

The House bill adds facilitating on-farm research and demonstration activities and facilitating pilot testing of new technologies or innovative conservation practices to the types of project the Secretary may fund with Conservation Innovation Grants. Additionally, the bill eliminates payments to producers who implement practices to address air quality concerns. (Section 2206)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to include payments to producers who implement practices to address air quality concerns at a reduced funding level of \$25 million. (Section 2207) The Managers intend for there to be increased

transparency by USDA in the area of innovative conservation projects and monitoring that these innovative conservation approaches are later incorporated into common conservation practices.

(10) *Definitions*

The Senate amendment combines the definitions of “National Organic Program” and “Organic System Plan” for simplification purposes. (Section 2202)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 2202)

Section 1240B of the Food Security Act of 1985, as amended, provides the Secretary the option to accept financial assistance from other sources. The Secretary should not create additional burdens on the participant, state or private organization in an effort to account for non-Federal resources provided in support of conservation practices installed under the program by this authority.

The Managers intend that conservation programs should recognize the use of innovative technology, such as enhanced efficiency fertilizers (e.g., slow and controlled-release fertilizers, stabilized nitrogen fertilizers). This innovative technology can help producers to protect water quality and reduce greenhouse emissions, and are recognized by State regulators of fertilizers. In the case of EQIP applications involving manure-to-energy projects, the Managers encourage the Secretary to consider whether the projects include an integrative approach to addressing nutrient management and water quality issues.

Additionally, the Managers encourage NRCS to evaluate its education program and make sure that it is providing all potential users within each state an opportunity to become educated about the EQIP program and how each farmer can incorporate EQIP into their farm stewardship management plans. There is concern that not all producers may be fully aware of all of the services, practices, components, and other information needed to participate fully in farm bill conservation programs. The state NRCS offices shall notify producers, in a readily accessible and understandable form, the practices available that may be applicable to various livestock species and crops. These notifications shall also include the payment levels available and the period in which payment for a particular practice is available. The Managers also request a breakdown of livestock and poultry operation practices available by state, and what practices were funded in each state to be included in the report. Finally, the Managers encourage USDA to continue to make their staff available to attend meetings of agricultural producers at the local, State and national level to educate and inform producers of the programs available to meet natural resource and energy efficiency needs on their operations.

Subtitle D—Agricultural Conservation Easement Program

(11) *Agricultural Conservation Easement Program*

The House bill states the definition of “agricultural land easement” for the purposes of the new Agricultural Conservation Easement Program (ACEP). The House bill includes land that is conveyed for the purpose of protecting natural resources and the agriculture nature of the land. It also provides the definition of “eligible land” in the case of an agricultural land easement. It includes agricultural land that the protection of which will further a State or local policy consistent with the purposes of the program. Additionally, there is a definition of “eligible land” in the case of a wetland easement. The bill provides that eligible land includes cropland or

grassland that was used for agricultural production prior to the natural overflow of a closed basin lake and adjacent land dependent on it, if the State or other entity is willing to provide 50 percent cost-share. It provides for an exception for grasslands of special environmental significance by allowing the Secretary to pay up to 75 percent of the fair market value as the Federal cost-share of the easement. It authorizes an eligible entity to use its own terms and conditions for an agricultural land easement as long as the Secretary determines such terms and conditions meet several requirements, and establishes the use of permanent easements or easements for the maximum duration allowed under State law for agricultural land easements. The bill establishes the method of enrollment for wetland easements and deems 30-year contracts to be considered 30-year easements for the purposes of the wetlands easements and establishes a land ownership requirement of 24-months. It also provides that, among other things, an owner entering into a wetland easement shall agree to permanently retire any existing base history. The bill states a wetland easement must include, among other things, a term or condition that provides for the efficient and effective establishment of wildlife functions and values, and the bill allows the Secretary to delegate any easement management, monitoring, and enforcement responsibilities to Federal or State agencies that have the appropriate authority, expertise and resources. It adds authority for the Secretary to delegate any easement management responsibilities to other conservation organizations determined by the Secretary. Lastly, it allocates funding for agricultural land easement at no less than 40 percent in FY 2014 through 2017 and no less than 50 percent in fiscal year 2018, and amends the acreage limitation to include the repealed Wetlands Reserve Program (WRP) acres when calculating the 25 percent country acreage cap in addition to CRP and the new wetland easements. (Section 2301)

The Senate amendment is similar to the House but adds the purpose of promoting agriculture viability for future generations, adds agricultural land the protection of which could conserve grassland or agricultural landscapes of significant ecological value, incorporates “reserve” into the definition of a wetland reserve easement, and does not include the 50 percent cost-share included in the House for closed basin lakes. The Senate amendment includes the same exception as the House but also authorizes the Secretary to waive any portion of the eligible entity cash contribution requirement for projects of special significance, subject to an increase of private landowner voluntary donation equal to the amount of the waiver. It includes a requirement that the terms and conditions are permanent or for the maximum duration allowed under State law. It does not provide that 30-year contracts should be considered as 30-year easements for wetlands purposes. The amendment establishes a land ownership requirement of 12-months and it also agrees to retire allotment history as included in comparable provision of current law. In the amendment, the term or condition must provide for the efficient and effective establishment of wetland functions and values. The amendment also allows the Secretary to delegate any easement management, monitoring, and enforcement responsibilities to Federal or State agencies that have the appropriate authority, expertise and resources or to other conservation organizations as determined by the Secretary. It includes a limitation that the Secretary shall not delegate monitoring or enforcement to conservation organizations. Finally, land enrolled in WRP, GRP, and Farmland Protection Program (FPP) are considered enrolled in the ACEP program, and the amendment adds to the current law exclusion for shelterbelts and windbreaks; wetland and saturated soils, not subjecting such cropland with subclass w in the land capability classes IV through VII. (Section 2301)

The Conference substitute adopts the Senate provision on promoting agriculture viability for future generations with an amendment. The amendment includes a reference to agricultural

future viability in the Establishment and Purposes section while striking viability for future generations from the definition of agricultural land easement (ALE). The amendment also adopts the Senate provision incorporating “reserve” in the definition of a wetland reserve easement.

The substitute adopts the House definition of eligible land in the case of an agricultural land easement with an amendment. The amendment uses the Senate’s concept of better incorporating grasslands into the definition.

The substitute also adopts the House definition of eligible land in the case of a wetland reserve easement. The Managers do not intend for these slight modifications or adjustments to significantly alter the way NRCS has evaluated, ranked, enrolled and protected wetlands.

The substitute adopts the Senate provision on the waiver of any portion of the cash contribution requirement for projects of special significance with an amendment. The amendment limits the land to property that is in active agricultural production. To ensure the purpose of the GRP is appropriately included in ALE, the term “grassland of special significance” is included as eligible lands for ALE. The term encompasses grasslands with high biodiversity values; large intact natural grassland areas; rare or threatened ecosystems; grasslands with critical ecosystem importance; and grasslands that meet any one or more of these values that are of importance to local communities and working agriculture land preservation efforts.

The substitute deletes the House provision that deems 30-year contracts as easements with an amendment. The amendment includes language in the definition of wetland reserve easement that gives the Secretary discretion to enter into 30-year contracts with Indian Tribes where relevant.

The substitute adopts the House provision establishing a land ownership requirement of 24-months and the House provision that strikes allotment history. The substitute adopts the Senate language on the administrative delegation of easements. The Managers are aware that NRCS enters into cooperative agreements and Memorandums of Understanding with conservation groups and this provision does not prohibit NRCS from continuing these types of agreements under section 1242 (d) of the Food Security Act of 1985, as amended, to help administer and implement easements.

The substitute adopts the Senate language on land considered enrolled in ACEP with an amendment to clarify that this language is consistent with the transition language for the repealed programs.

The substitute deletes the House provision on allocating ACEP funding between the two easements. The Managers expect NRCS to administer the ACEP funding, to the extent practicable, in a manner that allows for State flexibility to prioritize their easement needs while making sure that NRCS distributes funding to address the multiple purposes of the new consolidated program.

The Managers further intend for the Secretary to have the flexibility to make adjustments to this allocation based upon the Department’s stewardship responsibilities for lands already enrolled as the easement portfolio increases over time.

The substitute further adopts the House provision amending the acreage limitation to include the cropland acreage currently enrolled under the WRP when calculating the 25 percent country acreage cap in addition to CRP and the new wetland easements.

The substitute adopts the Senate provision adding to the current law exclusion for shelterbelts and windbreaks, wetland and saturated soils, not subjecting such cropland with subclass w in the land capability classes IV through VII to statutory acreage limitations. (Section

## Subtitle E—Regional Conservation Partnership Program

*(12) Regional Conservation Partnership Program*

The House bill provides the definition of “eligible activity” for the new Regional Conservation Partnership Program (RCPP), which includes air quality improvement. It also provides the definition of “eligible land” and the definition of “eligible partner” for the new RCCP program, which includes a water district, irrigation district, rural water district or association, or other organization with specific water delivery authority to producers on agricultural land. The bill establishes the duties of partners under RCPP including conducting outreach to producers for potential participation, and allows the Secretary to give priority to certain applications. It gives the Secretary discretion to adjust program rules for a covered program, and it allows the Secretary to make payments to producers participating in a project that addresses water quantity concerns for five years in an amount sufficient to encourage conversion from irrigation to dryland farming. The bill provides \$100 million in mandatory funding during FY 2014 through 2018, reserves 6 percent of funds and acres made available under the covered programs as additional funding to carry out RCPP, and requires the Secretary to allocate, from all funds and acres of the program, 25 percent to projects based on a State competitive process, 50 percent based on a national competitive process, and 25 percent for critical conservation areas. Additionally, the bill requires a report to Congress on December 31, 2014, and every two years thereafter. It states that the Secretary shall designate eight geographical areas as critical conservation areas under RCPP. Lastly, the bill also makes available to the Secretary the authorities under the Watershed Protection and Flood Prevention program (except the Small Watershed Rehabilitation Program) to carry out projects in a designated critical conservation area. (Section 2401)

The Senate amendment is similar to House except that it does not include air quality improvement or water district language. It does include forest restoration, specifies the conversion of irrigated cropland to the production of less water-intensive agricultural commodities or dryland farming under water quality restoration or enhancement projects, includes a municipal water or wastewater treatment entity, and includes education along with outreach to producers for potential participation as a duty of partners under RCPP. The amendment requires the Secretary to give priority to certain applications and allows the Secretary to give priority to others, and priority for providing innovation in the improvement and delivery of water quality or water quantity. Additionally, the amendment provides operational guidance and requirements for a covered program and non-statutory, regulatory rules or provisions. Further, it includes a provision prohibiting the Secretary from limiting eligibility on the basis of irrigation history for States where irrigation has not been significantly used for agricultural purposes. It requires the Secretary to enter into at least 10 but no more than 20 alternative funding arrangements with multi-state water resource agencies or authorities. It also adds producers participating in projects that address water quality concerns in an amount sufficient to encourage adoption of practices that improve nutrient management, and provides \$110 million of mandatory funding during FY 2014 through 2018. The amendment reserves 8 percent of funds and acres made available under the covered programs as additional funding to carry out RCPP. It requires the Secretary to allocate, from all funds and acres of the program, 25 percent to projects based on a State competitive process, 40 percent based on a national

competitive process, and 35 percent for critical conservation areas, and also requires that a description of how the funds are being administered be included in the report. The Secretary shall designate six geographical areas as critical conservation areas under RCPP. The critical conservation area designation expires after five years, subject to redesignation. The Secretary may withdraw from such area. (Section 2401)

The Conference substitute adopts the House provision on the definition of eligible activity with an amendment. The amendment narrows the language and adds forest restoration as an eligible activity.

The substitute adopts the House definition of eligible land. It further adopts the House definition of an eligible partner with an amendment. The amendment adds the Senate's inclusion of water or wastewater treatment entity as an eligible partner.

The substitute adopts the Senate provision that includes education along with outreach as a duty of an eligible partner.

The substitute adopts the House provision on priority to certain applications.

The substitute adopts the Senate provision on operational guidance and requirements for a covered program and non-statutory, regulatory rules or provisions with clarifying amendments. It further adopts the Senate provision prohibiting the Secretary from limiting eligibility on the basis of irrigation history for States where irrigation has not been significantly used for agricultural purposes.

The substitute adopts the Senate provision that provides for alternative funding arrangements with an amendment. The amendment allows the Secretary to enter into no more than 20 alternative funding arrangements with multi-state water resource agencies but eliminates the requirement that the Secretary enter into at least 10 of the arrangements.

The substitute adopts the Senate provision on payments to producers for projects that address both water quantity and water quality.

The substitute adopts the House mandatory funding level of \$100 million and sets the percentage of acres reserved for the program at 7 percent.

The substitute adopts the Senate provision on the allocation of the percentage of the funds going to the states, the Department and reserved for critical conservation areas. It further adopts the Senate provision on reporting by the Department on how funds are being administered.

The substitute adopts the House provision on the number of critical conservation areas with an amendment. The amendment includes the Senate provisions on expiration of and withdrawal from designation of the critical conservation area.

The substitute includes the House provision on including authorities under P.L. 566 in the Regional program.(Section2401)

The Managers encourage the Secretary to distribute funding equitably across the nation and to not ignore different natural resource concerns that may be unique to each region. The substitute includes provisions from the Senate amendment regarding education and outreach duties for partners, which the Managers view as a vital component due to the important role those duties will have in the success of the program and in achieving large-scale conservation benefits on the ground. The Managers recognize the existing capabilities of the land grant institutions in each state, including the Cooperative Extension Service system, which have a proven track record of effectively working with producers providing outreach and education, and encourage the Secretary and potential partners to seek ways to utilize these existing resources and systems.

The Managers intend that projects not be limited solely to geographic areas but that regional and non-contiguous multi-state areas be considered as well, provided that all program requirements are met.

The Managers expect the contribution of the partner to be a significant portion of the overall costs. The Managers urge the Secretary to resist defining this as a set percentage of the cost as a minimum standard to be applied to all applications. The Secretary should evaluate the overall merits of each proposal and the significance of the partner's contribution to the potential successful implementation. There is concern that a set percentage might preclude proposals from partners that require high financial assistance from USDA to the producer while the partner's support is from a smaller, but essential technical assistance contribution.

#### Subtitle F—Other Conservation Programs

(13) *Conservation on Private Land*

The House bill reauthorizes the Conservation on Private Grazing Land program at previous levels of \$60 million per year through FY 2018. (Section 2501)

The Senate amendment reauthorizes the Conservation on Private Grazing Land program at reduced level of \$30 million per year through FY 2018. (Section 2501)

The Conference substitute adopts the House provision. (Section 2501)

(14) *Grassroots Source Water Protection Program*

The House bill reauthorizes the Grassroots Source Water Protection Program at previous levels of \$20 million per year through FY 2018. Additionally, it authorizes a one-time \$5 million in mandatory money to remain available until expended. (Section 2502)

The Senate amendment reauthorizes the Grassroots Source Water Protection Program at reduced appropriated levels of \$15 million per year through FY 2018. (Section 2502)

The Conference substitute adopts the House provision. (Section 2502)

(15) *Voluntary Public Access and Habitat Incentive Program*

The House bill reauthorizes the Voluntary Public Access and Habitat Incentive Program at a reduced level of \$30 million in mandatory money per year from FY 2014 through FY 2018. (Section 2503)

The Senate amendment reauthorizes the Voluntary Public Access and Habitat Incentive Program at a reduced level of \$40 million in mandatory money per year from FY 2014 through FY 2018. Amendments become effective October 1, 2013. (Section 2503)

The Conference substitute adopts the Senate provision. (Section 2503)

(16) *Small Watershed Rehabilitation Program*

The House bill reauthorizes the Small Watershed Rehabilitation Program at previous appropriated levels of \$85 million per year through FY 2018 and authorizes \$250 million in mandatory money for FY 2014, to remain available until expended. (Section 2505)

The Senate amendment reauthorizes the Small Watershed Rehabilitation Program at previous appropriated levels of \$85 million per year through FY 2018. No mandatory money.

The Conference substitute adopts the House provision. (Section 2505)

(17) *Agricultural Management Assistance Program*

The House bill eliminates tree plantings and soil erosion control from the list of approved uses, and permanently authorizes the Agricultural Management Assistance Program at \$10 million in mandatory money each fiscal year. It sets aside 30 percent to NRCS for conservation, 10 percent to the Agricultural Marketing Service for organic certification, and 60 percent to the Risk Management Agency for risk management. (Section 2506)

The Senate amendment eliminates the specific state designations and tree planting authorities. It adds to the authority for organic certification, risk management education and outreach, and management assistance grants for conservation practices and risk mitigation. It provides for \$23 million in funding to be distributed at levels of: 50 percent for organic certification; 26 percent for risk management; and 24 percent for conservation and mitigation. (Section 11034)

The Conference substitute deletes both the House and the Senate provisions.

(18) *Emergency Watershed Protection Program*

The House bill adds a priority for projects that mitigate risks and remediate the effects of catastrophic wildfires on land that is the source of drinking water for landowners and land users. (Section 2507)

The Senate amendment authorizes the Secretary to modify and terminate floodplain easements provided the current landowner agrees, and the modification or termination addresses a compelling public need where there is no practical alternative and it is in the public interest. (Section 2506)

The Conference substitute adopts the Senate provision. (Section 2506)

The substitute provides the Secretary limited authority to modify or terminate a floodplain easement which is similar authority under other conservation programs. The Managers intend for the Secretary to enter into compensatory agreements with third parties to allow for flexibility to modify or terminate the floodplain easements.

(19) *Terminal Lakes Assistance*

The Senate amendment strikes and replaces current law with a Terminal Lakes Assistance program. It adds a definition for eligible land and terminal lake. Additionally, it adds a new voluntary land purchase grant program with a \$25 million authorization of appropriations, to remain available until expended. The bill includes a transfer of \$150 million in mandatory funds to the Bureau of Reclamation. (Section 2507)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 2507)

(20) *Soil and Water Resources Conservation*

The Senate amendment adds Indian tribes as eligible to cooperate with and participate in the soil and water conservation program. (Section 2509)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 2508)

Subtitle G—Funding and Administration

(21) *Funding*

The House bill provides mandatory funding to carry out CRP including \$25 million for

FY 2014 through 2018 to facilitate transfer of land from retired or retiring owners and operators to beginning or socially disadvantaged farmers or ranchers. Additionally, the bill provides mandatory funding for ACEP at the following levels: \$425 million in FY 2014; \$450 million in FY 2015; \$475 million in FY 2016; \$500 million in FY 2017; \$200 million in FY 2018. It also provides mandatory funding for EQIP at \$1.75 billion each year for FY 2014 through 2018 and eliminates Regional Equity. (Section 2601)

The Senate amendment provides mandatory funding to carry out CRP including \$10 million to provide cost-share payments for thinning activities and \$50 million to facilitate transfer of land from retired or retiring owners and operators to beginning or socially disadvantaged farmers or ranchers. It also provides mandatory funding for ACEP at the following levels: \$450 million in FY 2014; \$475 million in FY 2015; \$500 million in FY 2016; \$525 million in FY 2017; \$250 million in FY 2018. The amendment also provides mandatory funding for EQIP at the following levels: \$1.5 billion for FY 2014; \$1.6 billion for FY 2015; \$1.65 billion FY 2016 through 2018. The Senate amendment also retains regional equity, amends current law by eliminating the \$15 million annual requirement, and allows states in the first quarter of the fiscal year to establish that they can use a total of 0.6 percent of certain conservation funds, in which case they may receive such funds exclusive of the CRP funding. (Section 2603)

The Conference substitute adopts the Senate provision on mandatory funding for CRP with an amendment. The amendment includes the funding level for transition payments at \$33 million.

The Conference substitute adopts the Senate provision for mandatory funding for ACEP with an amendment. Funding levels are: \$400 million in FY 2014; \$425 million in FY 2015; \$450 million in FY 2016; \$500 million in FY 2017; \$250 million in FY 2018.

The Conference substitute adopts the Senate provision for EQIP with an amendment. The amendment provides mandatory funding for EQIP at the following levels: \$1.35 billion for FY 2014; \$1.6 billion for FY 2015; \$1.65 billion for FY 2016; \$1.65 billion for FY 2017; and \$1.75 billion in FY 2018. (Section 2602)

The Conference adopts the Senate provisions for Regional Equity. (Section 2603)

(22) *Technical Assistance*

The House bill continues to make mandatory money for conservation programs available for technical assistance and requires a report from the Secretary not later than December 31, 2013, on the amount of funds requested and apportioned. (Section 2602)

The Senate amendment is similar to the House but requires the apportionment for technical assistance be at the sole discretion of the Secretary. Further, the Senate amendment requires the Secretary to give priority to producers who request technical assistance to comply with subtitles B and C for the first time and submit a report not later than 270 days after enactment on the extent to which conservation compliance requirements affect specialty crop growers. The Secretary must also submit, not later than November 1 of each year, a report on highly erodible lands/wetland conservation determinations. (Section 2642)

The Conference substitute adopts the Senate provision. (Section 2602)

(23) *Reservation of Funds to Provide Assistance to Certain Farmers or Ranchers for Conservation Access*

The House bill reauthorizes the EQIP and CSP set-aside through FY 2018. It also provides a preference for veteran farmers or ranchers eligible under the provision. Amendments take effect on October 1, 2013. (Section 2603)

The Senate amendment is the same as the House, but has no effective date. (Section 2604)

The Conference substitute adopts the Senate provision. (Section 2604)

(24) *Annual Report on Program Enrollment and Assistance*

The House bill amends the reporting requirement to reflect the repeal of the relevant programs. The amendments take effect on October 1, 2013. (Section 2604)

The Senate amendment is similar to the House, but adds reporting requirements for CSP payments and waivers for grasslands under ACEP. It does not include an effective date. (Section 2605)

The Conference substitute adopts the Senate provision. (Section 2605)

(25) *Review of Conservation Practice Standards*

The House bill requires the Secretary to review the conservation practice standards in effect on the date of enactment of the Farm Bill. (Section 2605)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate amendment making no change to current law.

(26) *Administrative Requirements Applicable to All Conservation Programs*

The House bill makes veteran farmers or ranchers eligible for incentives. Additionally, it makes other clarifying and conforming amendments. The amendments take effect October 1, 2013. (Section 2606)

The Senate amendment allows for flexible funding arrangements for Indian Tribes and includes EQIP and CSP as applicable programs. It does not include an effective date. (Section 2606)

The Conference substitute adopts the Senate provision. (Section 2606)

The Conference substitute combines language on improved administrative efficiency and streamlining from individual programs and places it in a central location to apply to all conservation programs. It expands and clarifies requirements for developing a streamlined conservation application process. It clarifies that any payment received under Title II is in addition to and does not affect total payments that an owner or operator is otherwise eligible to receive. The Managers encourage the Secretary to significantly increase the use of computer-based conservation practice planning tools that incorporate Light Detection and Ranging elevation data to modernize and simplify conservation planning, improve efficiency of technical assistance, and improve service to private landowners.

Further, the Managers encourage the Secretary, in delivering conservation programs, to give priority within the tallgrass prairie region to the use of appropriate tallgrass prairie species for watershed management, flood mitigation/prevention, reduction of soil erosion and nutrient loss, biomass crop production, and other conservation measures.

The Managers recognize the unique challenges facing producers whose operations contain muck soils and encourage the Secretary to continue to work with these farmers to allow them to utilize this productive type of ground.

The conferees direct NRCS to ensure agency staff, partners, and producers are aware of new and interim conservation practice standards and conservation activity plans to address herbicide-resistant weeds. The agency is also to make certain there is awareness that financial assistance is available through certain conservation programs to assist producers in their efforts to control these weeds.

The Managers expect that the principles and guidelines developed pursuant to section 103 of the Water Resources Planning Act, or revised pursuant to section 2031 of the Water Resources Development Act of 2007, and any guidelines developed thereunder, shall not apply and require no new administrative process, rulemaking, or administrative procedures for programs administered by NRCS, the Forest Service, RMA, Farm Service Agency (FSA), or Rural Development. With respect to USDA programs, section 103 of the Water Resources Planning Act is intended to only focus on large scale water infrastructure projects, not individual farm based water conservation, water quality, or assistance to rural communities for drinking water.

As NRCS is the agency responsible for helping farmers and ranchers implement voluntary, incentive-based conservation practices that are all locally-led, the federal objective of the principles and guidelines is already being met. Furthermore, the Forest Service, RMA, FSA and Rural Development all play important roles in helping farmers, ranchers, and rural communities with finding critical solutions to problems that are unique to farming, ranching and rural America, and should not face unnecessary burden in complying with this administrative requirement.

The Managers are concerned by reports that Federal agencies other than USDA, as well as State and local governments, are seeking to impose more stringent and larger buffer requirements on land being enrolled in USDA conservation programs. The Managers expect NRCS to continue to utilize their own Field Office Technical Guide and conservation planning tools to determine what is reasonable and needed to accomplish the natural resource concerns to be addressed.

(27) *Wetlands Mitigation*

The House bill eliminates the requirement to provide equivalent functions and values when more acreage is needed in wetland conversion mitigation than a 1-for-1 acreage basis. (Section 2609)

The Senate amendment requires the Secretary to conduct a wetland mitigation study no later than 180 days after enactment to assess the use of wetland mitigation to determine certain impacts on wildlife. The study also should include recommendations for improving wetland mitigation procedures and increasing use of the wetland mitigation process by producers. Lastly, the Senate amendment requires the Secretary to submit a report of its findings to Congress no later than two years after the date of enactment. (Section 2508)

The Conference substitute adopts neither the House nor Senate provisions but provides \$10 million in mandatory funding for mitigation banking efforts. (Section 2609) The Managers recognize that the use of wetlands mitigation is an important tool for wetland habitat development and agriculture crop production. The Managers encourage the Secretary to use mitigation with the conversion of a natural wetland and equivalent wetlands functions at a ratio not to exceed a ratio of 1-to-1 acreage.

(28) *Lesser Prairie Chicken Conservation Report*

The House bill requires the Secretary to submit a report to Congress no later than 90 days after enactment which considers all USDA administered programs that benefit the lesser prairie-chicken. (Section 2610)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with amendment. The amendment includes the addition of State plans to the list of programs pertaining to the conservation of the lesser prairie-chicken. (Section 2610)

(29) *Highly Erodible Land and Wetland Conservation for Crop Insurance*

The Senate amendment requires conservation compliance for eligibility to receive premium assistance on crop insurance, creates new provisions for determinations, administration, and penalties unique to crop insurance, and gives technical assistance priority to producers that need to come under compliance. (Section 2609)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendment. (Section 2611) The amendment clarifies that for compliance on highly erodible lands ineligibility for premium assistance can only apply for reinsurance years after the year in which there has been a final determination of a violation and cannot apply to the reinsurance year in which the final determination was made nor any reinsurance year prior to the year the final determination was made. A determination is not final until after the producer has exhausted all administrative appeal rights. The substitute revises the application to existing operations with prior violations so that the date for compliance is the date of enactment of this Act. This means that if a person is found to be out of compliance and would have been out of compliance since that date, had they participated in any programs requiring compliance, then they have two reinsurance years to develop and comply with a conservation plan.

The substitute also provides for the coordination of certification processes so that the procedures and paperwork that are required by this section for eligibility based on wetlands compliance are also used for determining eligibility based on highly erodible lands compliance. The amendment clarifies the provisions for compliance with wetlands conservation placing all of the components of compliance for crop insurance premium assistance in a separate subsection. The substitute also makes clear that ineligibility only applies to premium assistance in reinsurance years after the year in which a final determination is made and not to the reinsurance year in which the final determination is made nor to any year prior to that year.

The substitute revises the categories for the application based on the conversion of a wetland. If the wetland is converted at any time after the date of enactment of this Act, the person becomes ineligible for premium assistance in the reinsurance year after final determination, unless an exemption applies or if the wetland converted constitutes less than five acres of the person's entire farm in which case the person can choose to make a contribution to conservation equal to 150 percent of the cost of mitigation. If, however, the wetland was converted at any time prior to the date of enactment of this Act, the person cannot be found in violation and thus ineligible for premium assistance based on that conversion.

Finally, if a new policy or plan of insurance becomes available after the date of enactment, ineligibility for premium assistance can only apply to conversions that take place after the date the new policy or plan of insurance first becomes available to the person. In this case the person has two reinsurance years to mitigate the conversion before ineligibility can apply to the subsequent reinsurance year. The substitute also clarifies that a person who

becomes subject to wetlands compliance solely because of the enactment of this Act has two reinsurance years after the year in which a final determination is made to mitigate the conversion, and that a person who is found to have converted a wetland in good faith is also given two reinsurance years to mitigate the conversion. The Managers do not intend for this language to cause any change in current law or USDA policy relating to third-party or landowner/tenant determinations of compliance, violations, or attribution.

With regard to the provisions for equitable contribution, the Managers expect that the Secretary will determine the period of violation to be the date on which the violation occurred, then adjust for the later of the following: 1) the first certification period for crop insurance assistance following date of enactment, or 2) the first date for which the individual was eligible for and made application for a crop insurance premium subsidy following the date of violation. The maximum amount will include the equivalent of the insurance subsidy provided in the year of the improper certification and all subsequent years through the date of final determination. Payment of the equitable contribution does not remove or limit their responsibility to comply with the soil erosion requirements or wetland conservation, restoration or mitigation requirements within the prescribed timeframes to retain the benefits of premium assistance in subsequent years. (Section 2611)

(30) *Adjusted Gross Income Limitation for Conservation Programs*

The House bill replaces the two income limitation test (farm and nonfarm income) with a single \$950,000 adjusted gross income limitation for commodity and conservation programs. (Section 1604)

The Senate amendment eliminates the Secretary's waiver authority to protect environmentally sensitive land of special significance. (Section 2610)

The Conference substitute adopts the House provision with an amendment. The amendment sets the cap to \$900,000. (Section 1605)

Subtitle H—Repeal of Superseded Program Authorities and Transitional Provisions;  
Technical Amendments

(31) *Wetlands Reserve Program*

The House bill repeals WRP with transition language for current contracts and easements. It allows the Secretary to use ACEP funds and becomes effective October 1, 2013. (Section 2704)

The Senate amendment allows the use of prior year Commodity Credit Corporation (CCC) funds for contracts entered into before October 1, 2012. (Section 2704)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2703)

The Managers expect USDA to exhaust available prior year funding to address any costs associated with fully implementing prior year wetland reserve program easement enrollments, including closing, restoration, management, and maintenance of wetland easements in an effort to protect, restore, and enhance wetland functions and values.

Section 2712 of the Conference Report is added to address the variety of effective dates distributed through the conservation title in the House bill and the Senate amendment. By including this language the Managers stress to USDA the importance of continuing program services and providing certainty to farmers and ranchers amid the passage of this bill. Therefore, the Managers intend for USDA to continue to operate the existing conservation programs as necessary through the current fiscal year using existing regulations while the Department works to expediently develop the regulations needed to implement the amendments made by this Title. The Managers further intend for existing regulations to be used for the interim administration of EQIP and CSP while the revisions to these programs are being implemented.

(32) *Farmland Protection and Farm Viability Program*

The House bill repeals FPP with transition language for current contracts and easements. The bill also allows the Secretary to use ACEP funds. It includes an effective date of October 1, 2013. (Section 2704)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. It does not allow the use of ACEP funds. No conforming amendment for heading. (Section 2704)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2704)

(33) *Grassland Reserve Program*

The House bill repeals GRP with transition language for current contracts, agreements and easements. (Section 2705)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2705)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2705)

(34) *Agricultural Water Enhancement Program*

The House bill repeals the Agricultural Water Enhancement Program (AWEP) with transition language for current contracts and agreements. (Section 2706)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2706)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing the authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2706)

With the continuation and consolidation of AWEP authorities in the RCPP, the Managers intend the Secretary to continue assistance to agricultural producers that address irrigation and water management challenges across various regions of the country. The Managers urge NRCS to continue to give priority to cost-sharing proposals which incorporate irrigation management systems that involve water metering, soil moisture monitoring, proven irrigation delivery

systems, and telemetry to ensure accurate water use measurement and management. The Managers urge NRCS to consider multiple producer applications or applications submitted on behalf of entities representing a group of producers to encourage greater participation in the program and maximize the benefits of water management.

(35) *Wildlife Incentive Program*

The House bill repeals WHIP with transition language for current contracts. It allows use of EQIP funds. (Section 2707)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. EQIP funds may be used but only after prior year funding is exhausted. (Section 2707)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2707)

(36) *Great Lakes Basin Program*

The House bill repeals the Great Lakes Basin Program with an effective date of October 1, 2013. (Section 2708)

The Senate amendment includes the same provision. (Section 2708)

The Conference substitute adopts the House provision with an amendment of the effective date.

The Managers recognize that the Great Lakes Basin Program has been an important and successful program for 22 years that has implemented over 400 projects that have reduced soil erosion and improved water quality in Great Lakes watersheds. Since 2008, the program has supported implementation of both the Great Lakes Regional Collaboration (GLRC) and the Great Lakes Restoration Initiative (GLRI) by directing resources to priority watersheds. The Managers intend the program to continue serving this purpose for the duration of the GLRI. (Section 2708)

(37) *Chesapeake Bay Watershed Program*

The House bill repeals the Chesapeake Bay Watershed Program with transition language for current contracts, agreements, and easements. The bill allows use of RCPP funds. (Section 2709)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2709)

The Conference substitute adopts the Senate provision with technical and clarifying amendments. (Section 2709)

The Managers recognize that the Chesapeake Bay Watershed Program established in 2008 complemented other conservation programs by enhancing their reach and effectiveness within the tributary watersheds. Since 2008, the program has supported farm level implementation of conservation practices benefiting water quality by improving nutrient management, reducing sedimentation, and restoring riparian areas. With the consolidation of the Chesapeake Bay Watershed Program into the Regional Conservation Partnership Program, the Managers intend the RCPP to continue assistance to agricultural producers consistent with the purposes of the Chesapeake Bay Watershed Program.

(38) *Cooperative Conservation Partnership Initiative*

The House bill repeals the Cooperative Conservation Partnership Initiative with transition language for current contracts and agreements. It allows the use of RCPP funds. (Section 2710)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2710)

The Conference substitute adopts the Senate provision with technical and clarifying amendments. (Section 2710)

The Managers recognize that the CCPI established in 2008 was built on successful partnership approaches in previous Farm Bills and encouraged the Secretary to work with specific priority regions across the country. As such, the Managers expect the Secretary to build from those lessons learned when and where those projects were most successful.