

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

Natural Resources Conservation Service

7 CFR Part 1466

Environmental Quality Incentive Program

AGENCY: Commodity Credit Corporation and the Natural Resources Conservation Service, USDA.

ACTION: Request for public comments.

SUMMARY: Under the regulations of the Commodity Credit Corporation for the Environmental Quality Incentives Program (EQIP), the Natural Resources Conservation Service (NRCS) will review and update national priorities for implementation based upon information gained from state and national listening sessions and response to this document. This document requests the public to provide input to NRCS about which resource concerns should be given national priority in the implementation of EQIP for FY 2006 and thereafter.

DATES: Comments must be received in writing by June 5, 2005. A national listening session will be on May 5, 2005, 1 to 2 p.m., Media Center, Room 107A, Whitten Building, 14th & Independence Avenue, SW., Washington, DC. The national listening session will be chaired by Bruce I. Knight, Chief, NRCS.

ADDRESSES: Send written comments by mail to the Financial Assistance Programs Division, Natural Resources Conservation Service, EQIP Comments, Room 5231 South Office Building, 14th & Independence Avenue, SW., Washington, DC 20250 or by e-mail to david.webster@usda.gov; Subject: EQIP Comments. This request for comments may also be accessed via the Internet through the NRCS homepage, at <http://www.nrcs.usda.gov>, and by selecting "Farm Bill 2002". All comments that are submitted, including names and addresses when provided, are placed in

the record and are available for public inspection.

FOR FURTHER INFORMATION CONTACT:

David Webster, EQIP Specialist, Financial Assistance Programs Division, NRCS, Room 5231 South Office Building, 14th & Independence Avenue, SW., Washington, DC 20250; telephone: (202) 720-5742; fax: (202) 720-4265; submit e-mail to:

david.webster@usda.gov, Attention: Environmental Quality Incentive Program comments.

SUPPLEMENTARY INFORMATION:

General Information About the Environmental Quality Incentive Program

The Farm Security and Rural Investment Act of 2002 (the 2002 Act) (Pub. L. 107-171, May 13, 2002) re-authorized and amended EQIP, 16 U.S.C. 3840 *et seq.* NRCS is seeking public comment to help the agency review and assess the national priorities for EQIP.

Background

Through EQIP, NRCS assists farmers and ranchers who face threats to soil, water, air, and related natural resources on their land. Eligible lands for EQIP assistance include grazing lands, wetlands, private non-industrial forestland, and wildlife habitat lands. Participation in the program is voluntary. Under EQIP, NRCS provides assistance in a manner that promotes agricultural production and environmental quality as compatible goals, optimizes environmental benefits, and helps farmers and ranchers meet Federal, State, and local environmental requirements. NRCS offers the program throughout the Nation using the services of NRCS personnel and technical service providers.

NRCS' approach to optimize environmental benefits integrates consideration of national priorities in four key program components: (1) The allocation of financial resources to States; (2) the allocation of financial resources within States; (3) the selection of conservation practices and the establishment of cost-share and incentive payment levels; and (4) the application ranking process.

With consideration and evaluation of the input obtained from this public notice and the public meetings, NRCS will update its national priorities to

reflect our most pressing natural resource needs and emphasize off-site benefits to the environment. In the EQIP final rule, published May 30, 2003 (68 FR 32337), NRCS identified the following national priorities: (1) Reduction of non-point source pollution, such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds consistent with Total Daily Maximum Loads (TMDL's), where available, as well as the reduction of groundwater contamination and the conservation of ground and surface water resources; (2) reduction of emissions, such as particulate matter, nitrogen oxides (NO₂), volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of National Ambient Air Quality Standards; (3) reduction in soil erosion and sedimentation from unacceptable levels on agricultural land; and (4) promotion of at-risk species habitat conservation.

In establishing the promotion of at-risk species habitat conservation as a national priority, NRCS recognizes unique local situations have the potential to add to federally-listed and candidate species. NRCS supports activities that will reduce the need for additional regulation, but will monitor implementation of this aspect of the program to assure that primary focus is listed and candidate species.

NRCS has also identified national measures that can help EQIP achieve its national priorities and statutory requirements more efficiently. These measures include identifying and implementing conservation practices that: (1) Increase overall environmental benefits, for example by addressing multiple resource concerns, ensuring more durable environmental benefits and limiting adverse ancillary impacts; (2) encourage innovation; (3) support the statutory mandate to apply nationally 60 percent of available EQIP financial assistance to livestock-related conservation practices; and (4) employ appropriate tools to more comprehensively serve EQIP purposes, such as Comprehensive Nutrient Management Plans and Integrated Pest Management Plans.

In the allocation of EQIP financial resource to States, NRCS uses the national priorities as guidance in helping to determine the amount of funds received by NRCS State

Conservationists to use within their States. NRCS also retains a portion of EQIP funding to reward NRCS State operations that demonstrate a higher level of performance and address national priorities. Within States, the NRCS State Conservationists consider national priorities and measures as they allocate funds and determine priority resource concerns within their State. The NRCS State Conservationist, and the NRCS Designated Conservationists in consultation with the local work group, develops an application ranking that reflects both priority resource concerns within States and the national priorities and measures.

NRCS will continue to rely on locally-led conservation as an important cornerstone of EQIP. Using a locally-led process ensures consideration of the wide variability between and within States regarding resource issues, solutions, and limitations. Resource issues and concerns change because of shifts in population, climatic, or consumer habits; and Federal, State and local laws. Likewise, technical solutions evolve with the advent of new technology and the availability of new data on the effectiveness of practices.

As a result, EQIP implementation may vary across jurisdictional boundaries. For example, some States may use State-level based program delivery while others will use county or parish based or regional (multi-county) based delivery.

NRCS is, by this document, requesting the public to provide comment to which natural resource concerns should be given national priority in the implementation of EQIP. NRCS will utilize this input from the public, including affected stakeholders, and Federal agencies to make any revision as required to address emerging resource issues. Information and updates about the national priorities and measures will be provided to the NRCS State Conservationists through revisions to the Conservation Programs Manual, Part 515, Environmental Quality Incentives Program.

Signed in Washington, DC, on March 9, 2005.

Bruce I. Knight,

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

[FR Doc. 05-5556 Filed 3-22-05; 8:45 am]

BILLING CODE 3410-16-P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 712

Audit Requirement for Credit Union Service Organizations (CUSOs)

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: NCUA proposes to change its rule concerning credit union service organizations (CUSOs) to provide that a wholly owned CUSO need not obtain its own annual financial statement audit from a certified public accountant if it is included in the annual consolidated audit of the Federal credit union (FCU) that is its parent. The amendment will reduce regulatory burden and conform the regulation with agency practice, which since 1997 has been to view credit unions with wholly owned CUSOs in compliance with the rule if the parent FCU has obtained an annual financial statement audit on a consolidated basis.

DATES: Comments must be received on or before May 23, 2005.

ADDRESSES: You may submit comments by any of the following methods (Please send comments by one method only):

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *NCUA Web Site:* http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html. Follow the instructions for submitting comments.

- *E-mail:* Address to regcomments@ncua.gov. Include "[Your name] Comments on Proposed Rule 712, CUSO Audit Requirements," in the e-mail subject line.

- *Fax:* (703) 518-6319. Use the subject line described above for e-mail.

- *Mail:* Address to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

- *Hand Delivery/Courier:* Same as mail address.

FOR FURTHER INFORMATION CONTACT: Ross P. Kendall, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518-6540.

SUPPLEMENTARY INFORMATION:

Proposed Changes

The NCUA Board proposes revising § 712.3(d) so that a CUSO that is wholly owned need not secure its own public accounting firm financial statement audit if it is included on a consolidated

basis in the audit of the FCU itself. Currently, this section requires an FCU to obtain a written commitment from any CUSO in which it has made an investment or to which it has made a loan that the CUSO will secure an annual opinion audit of its financial statements, performed in accordance with generally accepted auditing standards by a licensed, certified public accountant. 12 CFR 712.3(d)(2).

The current rule is designed to assure that any CUSO with respect to which an FCU intends to make a loan or an investment maintains its books and records in a manner that will enable the FCU to obtain accurate financial information about its operations and financial condition. The rule also requires that a CUSO provide NCUA with access to any of its books and records. 12 CFR 712.3(d)(3). The proposed amendment recognizes that, where a CUSO is controlled by an FCU by virtue of its ownership of one hundred percent of its voting shares, generally accepted accounting principles (GAAP) call for the preparation of financial statements of both the FCU and the CUSO on a consolidated basis. Accordingly, where the FCU has a financial statement audit prepared on a consolidated basis, the proposed rule would excuse the CUSO from having to obtain a separate audit opinion. Implicit in the proposal is the recognition that NCUA has full access to the information by virtue of its oversight of the parent FCU.

Consolidated financial statements present the results of operations, financial position, and cash flows of a parent and its subsidiaries as if the group were a single enterprise. Under GAAP, consolidated financial statements generally include enterprises in which the parent has a controlling financial interest, usually, a majority voting interest. There is a presumption that consolidated statements are more meaningful than separate statements and are usually necessary for a fair presentation when one of the enterprises in a group directly or indirectly has a controlling financial interest in another.

The Board notes this proposed change is consistent with its ongoing efforts to reduce regulatory burden while preserving necessary guidelines to assure that FCUs operate in a safe and sound manner. As a matter of practice, NCUA staff has since 1997 considered wholly-owned CUSOs to be in compliance with the rule if the parent FCU has obtained an opinion audit on consolidated financial statements. See Preamble to Proposed Amendments to 12 CFR part 712, 62 FR 11779, 11783