

## Part 530 – Working Lands Conservation Programs Manual

### Subpart R – Environmental Quality Incentives Program (EQIP)

#### 530.400 General

##### A. Program Purpose

- (1) The Environmental Quality Incentives Program (EQIP) provides financial and technical assistance to eligible agricultural and nonindustrial private forest land producers to implement conservation practices and activities.
- (2) EQIP is authorized to promote agricultural production, forest management, and environmental quality as compatible goals, and to optimize environmental benefits by—
  - (i) Assisting producers in complying with local, State, and Federal regulatory requirements concerning soil, water, air quality, wildlife habitat, energy, and other related natural resource concerns.
  - (ii) Providing flexible assistance to producers to implement conservation practices or activities on eligible land that address natural resource concerns in a cost-effective and environmentally beneficial manner.
- (3) If conflicts between this subpart and other subparts of Part 530 exist, the policy in this subpart will prevail.
- (4) Refer to section 530.408 below for policy and guidance specific to EQIP incentive contracts.

##### B. Authority

- (1) This subpart contains NRCS policy, guidance, and operating procedures for EQIP in accordance with the EQIP regulation at 7 CFR Part 1466. Refer to exhibit 530.420D, “EQIP Regulation—7 CFR 1466,” below, and subpart O, exhibit 530.143I, “Food Security Act of 1985, as Amended,” of this manual
- (2) This subpart is effective for new enrollments during fiscal year 2020 and forward until superseded, including new EQIP contracts that are enrolled under the framework of a 2014 Farm Bill Regional Conservation Partnership Program (RCPP) project. States will continue to administer contracts enrolled prior to 2020 in accordance with the regulations and contract appendix in effect on the date of obligation.
- (3) Refer to 440-CPM, Part 529, “Regional Conservation Partnership Program,” for additional guidance related to 2014 Farm Bill RCPP projects that include RCPP-EQIP contracts.

##### C. Applicability

EQIP is available in all 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

**Note:** Throughout this subpart, use of “2018 Farm Bill” refers to December 20, 2018, through September 30, 2023.

#### 530.401 EQIP Funds Management

- A. Refer to subpart B, “Managing Funds,” of this manual for general guidance about setting up and managing program funds, spending limits, and payment schedules.

**Note:** Refer to annual allocation letters for detailed funding information.

##### B. Funding Targets and Ranking Pools

- (1) States must target at least—
  - (i) 10 percent of available funds to wildlife habitat related practices.
  - (ii) 50 percent of available funds to livestock related practices.
  - (iii) 5 percent of available funds for beginning farmers or ranchers (BFR).
  - (iv) 5 percent of available funds for socially disadvantaged farmers or ranchers (SDFR).

**Note:** Refer to 440-CPM, Part 502, “Terms and Abbreviations Common to All Programs” for additional information and definitions.
- (2) States must set aside funds for conservation innovation grants (CIG) State components, if offered.
- (3) States must establish BFR and SDFR ranking pools.
- (4) NRCS will give preference to veteran farmers or ranchers (VFR), if they are competing in the BFR or SDFR ranking pools. Refer to section 530.404C(4) below for information on veteran’s preference.
- (5) States are encouraged to create at least one wildlife habitat-focused ranking pool supported with appropriate funding and applicable conservation practices and activities.
- (6) Additional guidance to target funding for EQIP national programmatic and landscape conservation initiatives (LCI), and source water protection will be provided through a national instruction or other agency directives.
- (7) Other criteria for creating ranking pools include—
  - (i) Grouping applications to the greatest extent practicable by similar crop, forestry, or livestock operations for evaluation purposes or otherwise evaluating each application relative to similar applications.
  - (ii) Developing ranking pools to address a specific resource concern, geographic area, or type of agricultural operation.
  - (iii) Limiting ranking pools to the minimum number needed to rank and approve applications effectively.

**Note:** Refer to the applicable business tool guidance, and National Instruction 440-310 “NRCS Program Ranking through Conservation Assessment Ranking Tool (CART),” for information on creating ranking pools.

## 530.402 EQIP Eligibility

A. General Eligibility.—Refer to subpart C, “Application for Assistance,” of this manual for general eligibility requirements. For EQIP, the following eligibility requirements must be met:

- (1) Applicant Eligibility
- (2) Land Eligibility
- (3) Resource Concern Eligibility.—At least one natural resource concern must be identified and addressed with an eligible conservation practice or activity.

B. Applicant Eligibility.

- (1) To be an eligible participant for EQIP, an applicant must—
  - (i) Be an agricultural producer according to the policy in subpart C, “Application for Assistance,” of this manual, and
  - (ii) Be within the Applicable EQIP Payment Limitations.—Applicants must be within the applicable payment limitation requirements specified in section 530.406 below.
- (2) Additional eligibility considerations include—
  - (i) Historically Underserved and Veteran Applicants.—Participants who are eligible for EQIP and self-certify as meeting the requirements of any of the HU designations are eligible for the following:

- **Increased Payment Rate.**—HU participants must be awarded the applicable payment rate plus an additional rate that is not less than 25 percent above the applicable rate and that does not exceed 90 percent of the estimated incurred costs, as documented in an approved payment schedule. For landowners applying for EQIP, refer to subpart C, section 530.21A(4) of this manual.
- **Advance Payments.**—HU participants may elect to receive advance payments for a portion of the anticipated costs associated with purchasing materials or services to implement a conservation practice. Advance payments are eligible for assignment to vendors. Refer to subpart F, “Payments,” of this manual, and section 530.406B(2) below for additional information.

**Note:** States must follow the guidance in section 530.401 above to ensure funding targets are met for BFR and SDFR participants.

- (ii) **Water Management Entities.**—A State irrigation district, ground water management district, acequia, land grant-merced, or similar entity that has jurisdiction or responsibilities related to water delivery or management to eligible lands. Water management entities may enter into an EQIP contract if all the following criteria can be met:
  - the water management entity is a public or semi-public agency or organization (meaning a private or public company that serves a public purpose such as a public utility); and
  - the water management entity purpose is to assist private agricultural producers with managing water distribution or conservation systems; and
  - the water conservation or irrigation practices support a water conservation project that will effectively conserve water, provide fish and wildlife habitat, or provide for drought-related environmental mitigation.
    - Refer to section 530.404D below, for additional information on requirements for water conservation projects.
    - Refer to section 530.406 below for payment limitation and adjusted gross income (AGI) waiver information specific to water management entities.
- (iii) **Group Project.**—Participants may enroll in group projects according to guidelines established in this subpart. These projects are made up of two or more eligible applicants with two or more operations, intending to pool resources, efforts, finances, or other contributions to address collaboratively, the same resource concerns. Group projects are permitted when resulting in a greater conservation benefit than individual participation, or in a cost savings. Depending on the type of project, NRCS may evaluate and rank a group project:
  - As one contract with multiple producers. A single contract may be appropriate if the success or failure of the project depends upon all participants successfully implementing their portion of the project. Additionally:
    - In this instance, should one participant violate the contract, the other participants may be impacted.
    - These contracts may be eligible for a higher contract limit. Refer to section 530.406C below for information regarding contract limitations.

**Examples:** Multiple producers agree to build an anaerobic digester, or to replace an irrigation ditch that services several operations.

  - As individual contracts with each participating producer. Individual contracts may be appropriate if the project can remain successful even if a member does not

complete their contract. These contracts are not eligible for higher contract limits as identified in section 530.406C below.

**Example:** A group of producers recognize that an identified area or region is contributing excess nutrients to a stream. The producers may enter into a group project whereby they all agree to implement conservation practices on their individual operations that will significantly contribute to the reduction of nutrients in the stream. The success or failure of one producer does not impact the ability of the other participants to implement their contracts.

**Note:** State conservationist may accept one application for group projects or separate applications with each member of the group project.

C. Land Eligibility.

- (1) Land included in the EQIP application must be agricultural or nonindustrial private forestland and one of the following:
  - (i) Privately owned land.
  - (ii) Publicly owned land that meets all the following criteria:
    - The land is a working component of the participant's agriculture or forest land operation
    - The participant has control of the land.
    - The conservation practices to be implemented on the public land are necessary and will contribute to an improvement in the identified natural resource concern.
  - (iii) Indian land that meets any of the following criteria:
    - Land held in trust by the United States for individual Indians or Indian Tribes.
    - Land, the title to which is held by individual Indians or Indian Tribes subject to Federal restrictions against alienation or encumbrance.
    - Land that is subject to rights of use, occupancy, and/or benefit of certain Indian Tribes
    - Land held in fee title by an Indian, Indian family, or Indian Tribe.
  - (iv) NRCS determines that the planned conservation practices will address a natural resource concern. Refer to section 530.403A below for additional information.

**Exception:** Permanently submerged lands may be eligible if all the following apply: the EQIP conservation practices will be tied to the underlying land; the proposed EQIP conservation practices address an identified natural resource concern; and FSA has established farm records for the submerged land area.

- (2) Irrigation History Requirements.—Land offered for enrollment in EQIP must have been irrigated for at least 2 out of the last 5 years to qualify for irrigation-related conservation practices and activities that improve water conservation. NRCS provides the following exceptions and waiver opportunity:
  - (i) Drought Exception.—Applicants who have been impacted by prolonged drought may still meet the irrigation history requirement without having to request a waiver, if all the following conditions are met:
    - The land must still meet the “2 out of the last 5 years” criteria, but it is based on the years directly preceding the start of the drought.
    - The drought, as determined by the U.S. Drought Monitor Classification, is at the D2 “Severe Drought” level or higher.
    - NRCS certifies that the current irrigation system is in working condition (aside from the lack of water resulting from the drought).

- NRCS can show that the irrigation system improvement will result in a significant gain in irrigation efficiency once the drought has ended.
- (ii) Conservation Practice Exception.—When an irrigation-related conservation practice is implemented for a purpose of applying liquid waste generated from an animal feeding operation (AFO) to pasture or cropland, the irrigation history requirement does not apply.
- (iii) Irrigation History Waiver.—Applicants who are an Indian Tribe, or who self-certified as a limited resource or socially-disadvantaged farmer or rancher, may request in writing, a waiver of the irrigation history requirement to the State conservationist. The Chief, or designee, may approve the waiver if the requirements are met as outlined in exhibit 530.420C, “Irrigation History Waiver Worksheet,” below.
- (3) Water conservation or irrigation practices that are the subject of a water conservation project must be implemented on—
  - (i) Eligible land of a producer; or
  - (ii) Land that is under the effective control of the water management entity; or
  - (iii) Adjacent to eligible land of a producer, provided the State conservationist determines the adjacent land is necessary to support the installation of a conservation practice or system implemented on eligible land.
  - (iv) Refer to section 530.404D below for additional information on requirements for water conservation projects.

**Note:** Land that is under the effective control of a water management entity may be eligible, even if it is not agricultural land or nonindustrial private forestland. See exhibit 530.420F, “EQIP Water Management Entity Flowchart” below.

#### D. Documenting Land Eligibility

The applicant is responsible for providing documentation to establish and document land eligibility for EQIP. NRCS may certify agricultural or forest land eligibility through a visual assessment with corresponding conservation assistance notes. Documentation should include the following information as applicable:

- (i) The crop type produced.
- (ii) The livestock type produced.
- (iii) If the land has existing tree cover or is capable of growing trees and is owned by any nonindustrial private forest land individual, group, association, corporation, Indian Tribe, or other private entity.

#### E. Ineligible Land

- (1) Land currently enrolled in other conservation programs may be ineligible for EQIP, including the following:
  - (i) Land enrolled in the Conservation Reserve Program (CRP) is ineligible.

**Exception:** Land offered for enrollment in EQIP during the last year of the CRP contract may be eligible, and no EQIP conservation practice or activity will be implemented on that land until after the CRP contract has expired or has been terminated.
  - (ii) Land enrolled in the Agricultural Conservation Easement Program (ACEP) under the wetland reserve easement (WRE) component or its predecessor, the Wetlands Reserve Program (WRP).

**Exception:** Under reserved grazing rights of the ACEP-WRE, EQIP may be available for certain grazing-related practices not covered by ACEP.
  - (iii) Land enrolled in the Conservation Stewardship Program Grasslands Conservation Initiative (CSP-GCI) is eligible for EQIP only if the proposed conservation practices and

activities address a resource concern different from the resource concern being addressed through the CSP-GCI contract.

- (2) Permanently submerged lands unless they meet the eligibility criteria in section 530.402C(1) above.

### **530.403 EQIP Planning**

#### **A. Eligible Conservation Practices and Activities**

- (1) The planning land unit (PLU) is the minimum treatment area for an EQIP contract. Refer to Title 180, National Planning Procedures Handbook, Part 600 for additional information related to conservation planning.
- (2) Eligible Conservation Practices and Activities.—An eligible land-based conservation practice or activity includes only those listed in the conservation practice database and includes:
  - (i) Structural, management, vegetative, and other improvements that achieve program purposes in accordance with the Field Office Technical Guide (FOTG). Refer to section 530.406 below for information about limits on the number of payments for conservation practices or activities.
  - (ii) Retrofitting of structural practices and activities is allowed, if all of the following criteria are met:
    - Retrofitting is supported by the conservation practice standard.
    - A higher level of conservation benefit (e.g., irrigation water conservation or water savings) will be documented.
    - The resulting conservation practice must be more cost effective than an alternative replacement system.
    - Retrofitting may not be used only to avoid normal operation and maintenance (O&M) of an existing conservation practice.
    - Payment schedule scenarios that support retrofitting must be approved through the national payment schedule process prior to contracting.
  - (iii) Conservation Activity Plans.—Conservation practices include the development of conservation activity plans (CAPs) meeting the approved planning criteria in FOTG and must be developed by a certified technical service provider (TSP).
  - (iv) Conservation Planning Assessment.—A report, as determined by the State conservationist, to assess rangeland or cropland function and that includes conservation activities to enhance the economic and ecological management of the land. The assessment may be incorporated into a comprehensive planning document to assist with conservation program delivery, and is developed by a—
    - State or unit of local government, including a conservation district;
    - Federal agency; or
    - Third-party provider certified to provide technical assistance, including a certified rangeland professional.
  - (v) Conservation measurement and evaluation activities are funded through EQIP, as approved by the Deputy Chief for Programs, and include the actions using acceptable tools and protocols necessary for the development of a plan appropriate to address either of the following:
    - Measurement and evaluation of the effectiveness of currently implemented on-farm conservation practices adopted through EQIP (e.g., edge-of-field water quality monitoring).
    - Adapting existing or new conservation practices to achieve a conservation benefit.

- (3) Producers may apply for conservation practices through EQIP to treat resource concerns when the same land is already enrolled in a CSP contract as long as the conservation practices implemented under EQIP are not duplicative with conservation practices or activities included in the CSP contract.
- (4) Practices that the producer is required to implement to comply with laws, regulations, or permits may still be eligible for EQIP financial assistance and include, but are not limited to:
  - (i) Conservation practices and contracts associated with highly erodible land compliance plans (not associated with land identified as being in noncompliance).
  - (ii) Compliance with a “cease and desist order” issued by an administrative body or State agency.
  - (iii) Federal, State, or local agency permit or regulatory requirement.
  - (iv) “Agreed-to order” from a State administrative or regulatory agency.

B. States will annually review existing conservation practices and activities with input from the State technical committee, and make available conservation practices and activities, including CAPs. All conservation practices and activities, including supporting conservation practices as applicable, must meet the intent of the program and address at least one resource concern. States are required to offer conservation practices and activities that support the national initiatives.

C. Expected Resource Concerns.—In certain situations on existing agricultural or nonindustrial private forest operations, NRCS may provide financial assistance to address resource concerns that are expected to develop over the life of the contract. NRCS must follow the criteria below when evaluating these requests:

- (1) Changes to Production Systems and Land Uses.—Producers may be eligible for conservation practices and activities that facilitate an environmentally beneficial change if all the following criteria are met:
  - (i) The change results in a higher level of conservation benefit as documented on Form NRCS-CPA-52, “Environmental Evaluation Worksheet.”
  - (ii) The conservation practices or activities will treat expected resource concerns associated with the change in production system or land use, and without which the planning criteria cannot be met.
  - (iii) To help ensure the change results in sustained conservation benefit, NRCS may include a corresponding management practice in the contract.
- (2) Conservation Reserve Program (CRP).—Landowners or operators with active CRP contracts may apply for and enroll their land in EQIP beginning on October 1 of the last fiscal year of the CRP contract in order to address the expected resource concerns of the land’s return to production. They may begin the establishment of conservation practices under EQIP at that time; however, they cannot receive payment for those practices until the CRP contract expires.
- (3) Adapting to Changing Environmental Factors.—Producers adapting their operations to changes in the natural environment, such as increased weather volatility, drought, or air quality levels, may apply for EQIP funds to implement conservation practices to address those new resource concerns.
- (4) Adapting to Changing Circumstantial Factors.—Producers adapting their operations to changing circumstances beyond their control, such as new agricultural regulations or changes in the community (e.g., new residential development near the farm, new community farms in existing urban areas, and other changes), may apply for EQIP funds to implement conservation practices to address those new resource concerns.

D. Animal Feeding Operations (AFO).—The requirement to develop a comprehensive nutrient management plan (CNMP) applies only to operations where animals are kept and raised in confined

situations. Refer to section 530.405A below for information regarding CNMP requirements for contract development.

- (1) Expanding an existing AFO is eligible for financial assistance provided all the following requirements are met:
  - (i) The application will address existing and new resource concerns associated with expanding an existing AFO.
  - (ii) The sole purpose of the conservation practices or activities is not exclusively to enhance agriculture production without addressing a natural resource concern.
  - (iii) The project will result in conservation benefits.
  - (iv) The CNMP will be updated to reflect the changes to the AFO.

**Note:** Expansion of an existing AFO is not limited to land that is contiguous with the existing operation, but State conservationists may establish appropriate screening and ranking criteria to prioritize need based on geographic location or severity of resource concerns to be developed.

- (2) Relocating an existing AFO is eligible when—
  - (i) NRCS determines that resource concerns associated with an existing facility cannot be adequately addressed at the existing site, but they can be addressed at the relocated site.
  - (ii) In these cases, the producer must completely remove or repurpose the original facility to ensure that the identified resource concerns do not persist at the original site (e.g., EQIP assistance may be used to relocate an existing AFO facility that is located within a floodplain which has frequent flood events).

**Note:** Expanding an AFO is not covered by any of NRCS's categorical exclusions (CE). Relocating an AFO out of the 100 yr-floodplain or the breach inundation area of an existing dam or other flood control structure may be covered under CE 6. Site-specific environmental impacts of expansion or relocation of the AFO must be thoroughly analyzed and documented on the Form NRCS-CPA-52, "Environmental Evaluation Worksheet." If the site-specific impacts of the AFO expansion or relocation cannot meet the criteria for using CE 6 described in Title 190, National Environmental Compliance Handbook (NECH), Part 610, Section 610.46, or exceed the impacts described and analyzed in the programmatic environmental assessment (EA) or other existing EAs or environmental impact statement (EIS) prepared or adopted by NRCS, States must prepare a site-specific EA/EIS, with a Finding of No Significant Impact (for an EA) or Record of Decision (for an EIS) signed by the State conservationist before proceeding. Refer to the NECH, Subpart E, for guidance on preparing National Environmental Policy Act (NEPA) documents. Contact your State environmental liaison for assistance.

**Note:** Refer to 440-CPM-502, "Terms and Abbreviations Common to All Programs," for the definition of animal feeding operation (AFO).

#### E. High Priority Practice

- (1) NRCS, with input from the State technical committee, may designate up to 10 practices to be eligible for increased payments for conservation practices that—
  - (i) Address specific causes of ground or surface water impairment relating to excessive nutrients;
  - (ii) Address the conservation of water and declining aquifers, and mitigate drought;
  - (iii) Meet other environmental priorities and other priority resource concerns identified in habitat or other area restoration plans; or
  - (iv) Are geographically targeted to address a natural resource concern in a specific watershed.



- (2) States might also consider the following for selection of their high priority practices:
  - (i) Practices identified as a priority through assessments completed at the area or State level;
  - (ii) Practices that have high potential for conservation benefit but are underutilized;
  - (iii) Specific geographic areas where a practice is historically underutilized, or
  - (iv) Practices with an underutilized practice purpose (e.g., over crop purpose is to improve water quality by planting crops that take up excess soil nutrients).

**Note:** See 530.406B, “EQIP Payments” below for high priority practice payment rates.

F. Source Water Protection.—As identified in section 530.401 above the 2018 Farm Bill included specific provisions to protect sources of drinking water by identifying practices that have a significant water quality or water quantity benefit and implementing those practices where source waters can be protected or improved. States, with input from community water systems and the State technical committee, will—

- (1) Identify priority areas for the protection of source waters for drinking water;
- (2) Identify practices that address water quality and water quantity concerns, and that will target identified threats to community water systems; and
- (3) Within the identified priority areas, offer producers increased incentives and higher payment rates as indicated in section 530.406B, figure 530-R1, “Authorized Cost Categories and Maximum Payment Percentages for EQIP,” below.

**Note:** Conservation practices identified as high priority practices, may be the same as the conservation practices identified under source water protection, if the high priority practices meet the criteria for source water protection.

**Note:** Refer to section 530.406 below for information related to higher payment rates.

G. Wildlife Habitat

- (1) States will at least annually, consult with State technical committees, Tribal Conservation Advisory Councils, local work groups, and other stakeholders to identify conservation practices that meet appropriate purposes and criteria to address EQIP priorities to establish wildlife habitat including—
  - (i) Upland wildlife habitat;
  - (ii) Wetland wildlife habitat;
  - (iii) Habitat for threatened and endangered species;
  - (iv) Fish habitat;
  - (v) Habitat on pivot corners and other irregular areas of a field; and
  - (vi) Other types of wildlife habitat, as determined by the State conservationist.
- (2) Other eligible wildlife habitat conservation practices may include:
  - (i) Practices that carry out postharvest flooding; or
  - (ii) Practices on up to 2 acres of working cropland that maintain the hydrology of temporary and seasonal wetlands to maintain waterfowl and migratory bird habitat on working cropland.
- (3) States may offer contracts with a term of up to 10 years with one or more annual management practices solely for the purpose of restoration, development, protection, and improvement of wildlife habitat. Refer to section 530.406B(4) below for guidance limitations on contracting management practices.

H. Ineligible Conservation Practices and Activities Include Those—

- (1) For which the sole purpose is to enhance production without addressing a natural resource concern. Examples include:

- (i) Conservation Practice Standard (CPS) Water Well (Code 642) used to bring new land under irrigation or to replace an existing irrigation well, unless the criteria above in section 530.403F are met.

**Note:** Domestic wells to provide water to a residence are prohibited.

- (ii) CPSs Fence (Code 382) or Access Control (Code 472) when the sole purpose is to—
  - Function as a boundary fence, separate ownership, or exclude domestic livestock from transportation networks or residential, commercial, or industrial areas.
  - Exclude pests, including species such as deer, feral hogs, wild animals, predators, rodents, or other animals from cropland.

**Exception:** CPS Fence (Code 382) may be eligible if used for—

- Expired or expiring CRP land to establish a grazing operation. Refer to section 530.402E above for additional information.
- To protect, restore, or enhance environmentally sensitive areas, such as a riparian areas or wetlands.
- To facilitate a beneficial change in production system per section 530.403C, “Expected Resource Concerns,” above.

- (2) That the applicant previously implemented, unless the criteria relating to achieving a higher level of quality or conservation benefit are met or waived by the Chief or designee.

**Note:** EQIP may be used to reapply a structural or vegetative conservation practice or activity where a resource concern has been identified and the previously implemented conservation practices or activity is past the established lifespan.

- (3) That were commenced or implemented prior to contract obligation by the NRCS approving official, unless the State conservationist approved an early start waiver according to subpart C, “Application for Assistance,” of this manual.
- (4) Water conservation or irrigation-related conservation practices on land that has not been irrigated at least 2 out of the last 5 years unless the participant receives an approved waiver or exception per section 530.402C above.
- (5) Where the primary purpose is renewable energy production (e.g., generation of electricity or biofuel practices that do not support onsite farm activities).
- (6) That defeat the purpose of EQIP or other conservation program contracts.
- (7) That do not address a resource concern directly tied to eligible land, such as a conservation practice implemented entirely within a water area that does not address a resource concern related to the submerged land (e.g., application of a chemical in a pond or reservoir solely for the purpose of eliminating an invasive or undesirable fish species).

## 530.404 EQIP Application Processing

A. This section provides EQIP-specific guidance regarding application processing and ranking. Refer to subpart A, “General Information,” and subpart D, “Application Processing” of this manual, for processing applications, and 440-CPM-502, “Terms and Abbreviations Common to All Programs,” for additional information and criteria.

### B. Accepting Applications

NRCS will—

- (i) Accept applications on a continuous basis.
- (ii) Group applications of similar operation-type for evaluation.
- (iii) Accept group projects, on a single application for evaluation, if applicable.

C. Application Ranking

- (1) Refer to subpart D, “Application Processing,” of this manual for additional information for screening, assessment, and ranking.
- (2) NRCS will establish ranking pools to address one or more identified resource concerns by geographic area or operation type.
- (3) NRCS will develop an evaluation process using science-based tools where applicable, considering national, State and local priority resource concerns.
- (4) Ranking Criteria.—May be in the form of questions or based on an assessment of the conservation practices, activities, and resource concerns addressed by the applicant using NRCS business tools. Ranking criteria must be developed with enough factors to establish differentiation among applications.
  - (i) States must use the following factors for developing ranking tools and ranking EQIP applications:
    - How effectively and comprehensively the planned conservation practices or activities address the identified natural resource concerns.
    - The magnitude of the expected conservation benefits resulting from the conservation practices or activities and the priority of the natural resource concerns.
    - The degree of cost-effectiveness of the proposed conservation project
    - Use of approved conservation practices or activities that provide long-term conservation benefit.
  - (ii) States may also consider the following factors when developing evaluation and ranking tools for EQIP applications:
    - Compliance with Federal, State, local, and Tribal regulatory requirements concerning soil, water, and air quality; wildlife habitat; and surface and ground water conservation.
    - Ability to improve existing conservation practices (i.e., achieve a higher level of environmental benefit) or systems that are in place at the time the application is accepted or that complete a conservation system.
    - Adaption to or mitigation against, increasing weather volatility.
    - Drought resiliency.
    - Other locally defined pertinent factors, such as the location of the conservation practice, the extent of the natural resource degradation, and the degree of cooperation by local producers to achieve environmental improvements.
  - (iii) VFR Preference.—For EQIP applications evaluated beginning in fiscal year 2020:
    - NRCS will give preference to VFR applicants if they are competing within the BFR or SDFR ranking pools by awarding these applicants with additional ranking points.
    - VFR applicants evaluated in any ranking pool other than BFR or SDFR may still qualify for HU benefits, including higher payment rates and advance payments, but do not receive preference, and will be screened and ranked in the same manner as any other eligible application evaluated in that ranking pool.
  - (iv) For ranking pools that include water conservation- or irrigation-related conservation practices that address “insufficient water” resource concerns, the State conservationist may give priority to applications, consistent with the State laws in which the applicant’s eligible land is located, when the following criteria is met:
    - The water conservation or irrigation project results in a reduction in water use in the agricultural operation; or
    - The applicant agrees to not use any associated water savings to bring new land (other than incidental land needed for the operation to be efficient) under irrigation

production, unless the applicant is participating in a watershed-wide project approved by the State conservationist that will effectively conserve water.

- (v) Applicants who bring new land under irrigation may be awarded this ranking criterion if participating in a watershed-wide project that will effectively conserve water. Refer to section 530.404D below for requirements for certain water conservation projects.

**Note:** The purpose of this policy is to establish priority of applications to address water conservation through screening and ranking and is not related to program land eligibility requirements for irrigation history as found in section 530.402 above.

- (vi) NRCS gives preference to covered farmers and ranchers (BFR, SDFR, and VFR) participating in the Conservation Reserve Program-Transition Incentives Program (CRP-TIP). NRCS will award these applicants with additional ranking points during the period covered by Form CRP-1R, “Conservation Reserve Program Transition Incentives Program Contract.
- (5) The EQIP statute prohibits bidding down which includes—
- (i) Ranking criteria that awards points for conservation practice or activities that will not be financially assisted in the EQIP contract.
  - (ii) Prioritization of an application over another, only because the application provides the least cost to the program.
  - (iii) Changing or adjusting conservation practices after the application has been ranked to achieve a better ranking score.

**Note:** Refer to the applicable business tool guidance, and National Instruction 440-310, “NRCS Program Ranking through Conservation Assessment Ranking Tool (CART),” for information on application ranking.

D. Eligibility of Water Conservation Projects.—Water management entities may request assistance on a watershed-wide water conservation project.

- (1) NRCS may approve entering into an EQIP contract with a water management entity when such contract is pursuant to a watershed-wide project of the water management entity that effectively conserves water using the following criteria:
  - (i) The project has a current, comprehensive water resource assessment; and
  - (ii) The project plan incorporates one or more of the following practices:
    - Water conservation scheduling, distribution efficiency, or soil moisture monitoring;
    - Irrigation-related structural or other measures that conserve surface or ground water, including aquifer recover practices; or
    - A transition to water-conserving crops, water-conserving crop rotations, or deficit irrigation; and
  - (iii) The project sponsors have consulted relevant State and local agencies.
- (2) Applications from a water management entity for an EQIP contract will be determined ineligible if the State conservationist (or designee) determines that the conservation practices encompassed by the proposed EQIP contract are better suited for implementation under the RCPP or watershed projects under Public Law 566. In making this determination, the State conservationist may consider the following factors:
  - (i) The estimated contract cost for the minimum area required for the EQIP contract greatly exceeds the EQIP payment limitation for water conservation projects,
  - (ii) Potential adverse impacts from the water management entity’s watershed-wide project have not been adequately analyzed under a NEPA review, or the proposed contract practices have not been adequately analyzed in the EQIP Programmatic EA or other existing NEPA document prepared or adopted by NRCS and requires a site-specific EA or EIS.

**Note:** Individual producers who do not qualify as a water management entity, but who are working collaboratively on water conservation or irrigation efficiency practices, may enter into a group contract. Refer to section 530.402B(5) above.

**Note:** Refer to section 530.402D above and section 530.406 below for information related to land eligibility requirements for water conservation projects, and EQIP payment rates and payment limitations for water management entities.

E. Application Approval

- (1) The State conservationist or designee will periodically approve the highest-ranked eligible applications for funding based on the NRCS ranking process and established deadlines.
- (2) Prior to approving EQIP applications, complete the checklist in exhibit 530.420A, “EQIP Preobligation Checklist,” or in exhibit 530.420B, “EQIP Incentives Preobligation Checklist,” below.
- (3) Refer to subpart C, “Application for Assistance,” and subpart D, “Application Processing,” of this manual, for more information about accepting, selecting, and approving applications.

## **530.405 EQIP Contracting and Contract Management**

A. Schedule of Operations

- (1) The EQIP schedule of operations may be derived from the applicant’s NRCS conservation plan and is certified by NRCS or another approved planner and recorded in NRCS business tools. Refer to subpart D, “Application Processing,” of this manual for general guidance on the schedule of operations, and subpart O, exhibit 530.143K, “Business Tools Quick Reference,” of this manual. Additionally:
  - (i) The EQIP schedule of operations must include a description of the participant’s conservation objectives, including a quantitative or qualitative goal, a description of conservation practices or activities, a schedule, and the information needed to evaluate the effectiveness in achieving the conservation objectives.
  - (ii) The EQIP schedule of operations is used to record HU applicants’ election to receive or not receive an advance payment, on a contract item basis. Additionally, any contract modifications that add conservation practices or activities to HU participant contracts will allow recording of the advance payment. Refer to section 530.406 below for additional information about advance payments.
  - (iii) The contract period will last, at a minimum, from the date of obligation through the last scheduled conservation practice or activity but may not exceed 10 years.
  - (iv) The contract expiration dates may be extended, not to exceed EQIP regulatory limits, to provide additional time to ensure full establishment and sustainability of the project, such as wildlife projects, or for conservation practices with a long lifespan that may need additional monitoring to ensure continued O&M, such as composting facilities. Refer to subpart E, section 530.43, “Contract Requirements,” of this manual for additional guidance.
- (2) If an EQIP schedule of operations includes an animal waste storage or treatment facility on an animal feeding operation (AFO), the participant must have a NRCS-approved comprehensive nutrient management plan (CNMP) prior to implementation of any waste storage or treatment facility or associated nutrient management activities. The CNMP will account for resource concerns and conservation practices and activities planned for an AFO associated with storing, treating, land applying, or handling (transferring) of animal waste or organic byproducts, such as animal carcasses.

- (i) The requirement for development of a CNMP only applies to an AFO where animals are kept and raised in confined situations. Refer to 440-CPM-502, “Terms and Abbreviations Common to All Programs,” for a definition of animal feeding operations.
- (ii) For contracts obligated prior to December 20, 2018, implementation of conservation practices and activities cited in the CNMP is required by the end of the contract period, regardless of financial assistance provided.
- (iii) For contracts obligated after the passage of the 2018 Farm Bill, contract participants may progressively implement conservation practices and activities cited in the CNMP, provided that the following criteria are met:
  - The conservation practices included in the schedule of operations help address or improve a resource concern and are operable and function as intended when implemented.
  - The participant must follow an existing nutrient management plan, or a nutrient management conservation practice is included in the contract that adequately addresses the application of animal waste unless all of the manure is sold or transferred to another operation.
  - The participant must select the conservation practices in the system that will treat the resource concern to a level that meets or exceeds the planning criteria in the FOTG. This means the primary conservation practice and all facilitating conservation practices must meet or exceed the planning criteria.
- (3) If an EQIP schedule of operations includes forest-related conservation practices or activities on forest land, the participant must implement conservation practices and activities consistent with an approved forest management plan. A forest management plan is a site-specific plan that is prepared by a professional resource manager, in consultation with the participant, and is based on criteria approved by the State conservationist. Forest management plans include a forest stewardship plan as specified in section 5 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C Section 2103a), another practice plan approved by the State forester or Indian Tribe, or another plan determined appropriate by the State conservationist.

**Note:** State conservationists must ensure that any approved forest management plan meets the criteria of Title 190, National Forestry Manual, Part 536, “Conservation Planning,” <https://directives.sc.egov.usda.gov/RollupViewer.aspx?hid=27866>.
- (4) A participant may receive assistance to implement an EQIP schedule of operations for water conservation if the assistance will facilitate a reduction in surface and ground water use on the agricultural operation, or the producer is participating in a watershed-wide project approved by the State conservationist that will effectively conserve water.
- (5) If an EQIP schedule of operations includes practices or activities that promote a change in land use the contract may include an appropriate supporting management practice, to ensure the change will result in conservation benefits. For example, converting cropland to pastureland, with CPS Pasture and Hay Planting (Code 512) may include the facilitating CPS Prescribed Grazing (Code 528) to ensure the pasture planting will be properly grazed. Refer to section 530.403C above.
- (6) The State conservationist, considering advice from the State technical committee, may develop additional requirements to be included in the EQIP schedule of operations by publishing a State supplement to this manual. Refer to subpart A, “General Information,” of this manual for guidance related to supplements of the manual.

#### B. Advance Payment Review

- (1) After NRCS makes an advance payment to an HU participant, the designated conservationist must complete a contract review to verify that the participant expended the advance payment within 90 days of receipt of the funds. Refer to subpart H, section 530.71, “Review Types,”

of this manual for information about annual contract reviews and to record the status of the advance payment. Additionally:

- (i) If a participant does not expend the advance payment within 90 days of receipt of the funds, NRCS will notify the participant with an advance payment collection letter that the advance payment funds must be returned. Appeal rights will be provided. The participant must return the funds to NRCS within 90 days of receipt of the collection letter. Refer to exhibit 530.420E below.
- (ii) If a participant does not return the funds within 90 days of receipt of the payment collection letter, NRCS will terminate the contract. Appeal rights will be provided in the contract termination letter.

**Note:** The requirement to return funds not expended within 90 days of receipt is statutory and NRCS does not have the authority to waive cost-recovery of advance payments or to provide additional time to expend the funds.

- (2) Conservation practices for which advance payments have been made must be implemented according to Form NRCS-CPA-1155, “Schedule of Operations,” or Form NRCS-CPA-1156, “Revision to Schedule of Operation,” as agreed to by the participant. Additionally:
  - (i) Participants who are compliant with expending the advance payment but are unable to complete the conservation practice as agreed to according to Form NRCS-CPA-1155 or Form NRCS-CPA-1156, the contract will be considered noncompliant.
  - (ii) In some extreme and very limited circumstances, the State conservationist may waive cost-recovery and allow the participant to retain all or a portion of the advance payment if all the following apply:
    - The participant expended the funds within 90 days of receipt of the funds on goods or services.
    - The participant made appropriate efforts to comply with the practice implementation terms but was unable to do so for reasons beyond their control.
    - The condition that caused the participant’s inability to comply must not have existed at the time the contract was approved.
    - The participant can provide sufficient documentation to support the hardship condition.
    - The decision coincides with the approval of a cancellation request.

**Example:** The participant used the advanced funds to secure goods and services, but during installation, the practice was destroyed by a storm or fire event and the participant does not have the financial resources to reestablish the practice or replace the destroyed materials.

**Note:** This policy cannot be used to waive recovery of an advanced payment in which the participant did not expend the funds for the intended purpose.

- (3) Refer to subpart H, “Contract Reviews and Quality Assurance,” and subpart I, “Contract Violations,” of this manual for information about completing reviews and addressing noncompliance and contract violations.

## 530.406 EQIP Payments and Payment Limitations

### A. General

This section provides program-specific guidance for EQIP payments and payment limitations. Refer to subpart B, “Managing Funds,” and subpart F, “Payments,” of this manual, and Title 300, Land Treatment Programs Handbook (LTPH), Part 600, “Payment Schedules,” for general information regarding program payments.

## B. EQIP Payments

## (1) Maximum EQIP Payment Schedule Percentages and Authorized Cost Categories

The maximum payment percentages are payment limitations authorized by the Chief or designee within the authority provided through applicable program statute or regulation. The maximum EQIP payment percentages allowed for each cost category are provided in Figure 530-R1 below. Refer to subpart B, “Managing Funds,” of this manual, and 300-LTPH-600 for additional guidance regarding the development of payment schedules for EQIP.

Figure 530-R1: Authorized Cost Categories and Maximum Payment Percentages for EQIP

Cost Category	General Percentage	HU Percentage	High Priority Practice	Source Water Protection
Materials	75%	90%	90%	90%
Equipment for installation	75	90	90	90
Labor	75	90	90	90
Mobilization	75	90	90	90
Acquisition of technical knowledge	75	90	90	90
Income forgone	100	100	100	100

**Note:** Program payment percentages for HU participants must be at least 25 percent above the otherwise applicable program payment percentage, not to exceed a 90-percent rate.

## (2) Advance Payments

- (i) Refer to 440-CPM, Part 515, “Environmental Quality Incentives Program Manual,” for provisions pertaining to 2008 and 2014 Farm Bill advance payments.
- (ii) Contracts approved under the 2018 Farm Bill are subject to the following requirements:
  - NRCS must notify HU producers of the opportunity to receive advance payments at the time of application approval, and NRCS must record the producer’s decision to receive or not receive an advance, for each contract item. HU producers may change their decision to receive or not receive an advance payment. Refer to section 530.405B above for requirements to document the producer’s decision to receive advance payments.
  - HU participants may elect to receive an advance payment of not less than 50 percent of the EQIP conservation practice payment amounts to purchase materials or services associated with practice implementation. The National Headquarters will establish maximum limits for the extent of advance payments.
  - Before approving an advance payment, NRCS must explain to the HU participant that they must expend the advance payment within 90 days of receipt of the funds. NRCS does not have authority to provide additional time to expend advance payment funds. NRCS must make sure it has met its responsibility to provide the HU participant with the information necessary to expend the advance payment (e.g., conservation plan, conservation practice design, job sheets, practice requirements), ensuring the greatest likelihood of expending the advance payments and getting the practices implemented “on the ground”.
  - Advance funds must be expended within 90 days from receipt of the funds.
  - The conservation practices or activities associated with advance payments must be completed as scheduled on the EQIP schedule of operations.
  - Contracts with an advance payment must be reviewed to document the status of the advance funds. Refer to section 530.405B above for additional compliance guidance for contracts with advance payments.



- (3) In addition to the policy found in subpart F, section 530.50G of this manual, States may judiciously use payment caps to manage limited funding to control costs associated with expensive practices like anaerobic digesters. When setting payment caps, States must—
- (i) Identify the payment cap for specific conservation practices and publicize this information no later than the EQIP application period announcement.
  - (ii) Not establish an extent cap for any conservation practice or activity, unless otherwise authorized, such as for conservation practices and activities supported by an interim practice standard. This means States may not establish a maximum number of acres that can be contracted for any practice.

**Note:** States may establish a higher payment cap for HU producers versus non-HU producers to ensure the HU producers receive the higher payment rate for which they are eligible.

- (4) Limitations for payments to implement conservation practices and activities on the same land:
- (i) Multiple payments for structural and vegetative practices are generally not allowed for implementing the same practice on the same land or location within the practice lifespan.

**Exception:** Multiple payments for CPSs Brush Management (Code 314) and Herbaceous Weed Treatment (Code 315) are allowed if all the following criteria are met:

- Successive implementation of CPSs Brush Management (Code 314) and/or Herbaceous Weed Treatment (Code 315) will not exceed three payments for either practice on the same land.
  - The State has consulted with the national rangeland management specialist to ensure the targeted plants for control require multiple-year treatment.
  - The targeted plant species is resilient in the plant community of the treatment area.
  - A site-specific technical determination is made that:
    - Additional treatments are necessary to achieve effective control of pervasive plant species through reapplication.
    - The pervasive plant species will ultimately be controlled to a desired level of treatment based on the ecological site description's "steady state."
- (ii) Multiple payments for management practices are allowed but are limited to a maximum of three separate payments for the same practice on the same land during the term of the contract. The exception is if a higher level of management will be applied to further increase the conservation benefit.

**Exception:** Payments for CPS Cover Crop (Code 340) are limited to a maximum of 5 separate payments during the term of a single contract on the same land when it is planned and applied as a component of a complete conservation system to address resource concerns related to soil health (such as soil erosion and soil quality degradation.)

- (iii) Multiple payments for conservation measurement and evaluation activities are allowed, but limited based on the practice lifespan according to the following criteria:
- Conservation measurement and evaluation activities with a lifespan of 1 year may be supported through EQIP with up to 9 separate payments for each practice or activity implemented during the term of the contract on the same land.
  - Conservation measurement and evaluation activities with a lifespan of 2 or more years may be supported through EQIP following the same policy requirements associated with structural and vegetative practices implemented on the same land. Refer to section 530.403A above for additional information.

#### (C) Payment Limitations and Contract Limits

##### (1) Person or Legal Entity Payment Limitations

- (i) A person or legal entity may not receive, directly or indirectly, payments that, in the aggregate, exceed \$450,000 for all 2018 Farm Bill contracts entered into during fiscal years 2019 through 2023.
- (ii) 2018 Farm Bill contracts associated with the National Organic Initiative may not exceed \$140,000 in aggregate with no annual payment limitation. The Chief is not authorized to waive the payment limitation for the National Organic Initiative.
- (iii) Indian Tribes or Alaska Native corporations with contracts or an alternative funding arrangement are excluded from the person or legal entity payment limitations. Refer to subpart C, section 530.21, “Producer Types with Additional Considerations,” of this manual for additional information regarding payment limitations for Indian Tribes or Alaska Native corporations.
- (iv) NRCS monitors and tracks both direct and indirect payment limitations through a payment limitation service run through the applicable business tool. The payment limitation service runs a check on direct and indirect payment limitations when NRCS runs payment instructions, when NRCS approves a payment, and when NRCS approves a modification.
- (v) Payments under the 2008 or 2014 Farm Bill do not count toward the payment limitations for contracts obligated under the 2018 Farm Bill.

**Note:** Planners are responsible for reviewing Form NRCS-CPA-1245, “Practice Approval and Payment Application,” prior to obtaining participant signature to ensure payments shown reflect the correct amount including any applicable reductions at the time the Form NRCS-CPA-1245 is generated.

(2) Contract Limitations

- (i) Each EQIP contract with a person or legal entity will be limited to \$450,000 over the term of the contract.
- (ii) EQIP contracts with joint operations (FSA business type 2 or 3) may have a contract limit of up to \$900,000 with an approved waiver from the Financial Assistance Program (FAPD) division director.
- (iii) Group contracts may have a contract limit of up to \$900,000 with an approved waiver from the FAPD division director.
- (iv) Indian Tribes or Alaska Native corporations are not subject to contract limits. Refer to subpart C, section 530.21, “Producer Types with Additional Considerations,” of this manual for additional information regarding contract limits for Indian Tribes or Alaska Native corporations.
- (v) When NRCS approves a contract transfer from a person or legal entity to a joint operation, the contract limitation will not increase due to the change in business type; If NRCS approves a contract transfer from a joint operation to an individual or legal entity, a cost cap may need to be applied to prevent the participant from exceeding their payment limitation. Refer to 530.60D, “Modification Reasons,” of this manual for information on land transfers.

(3) Water Management Entities.—FAPD division director may approve an AGI and payment limitation waiver for eligible projects with water management entities if the waiver is necessary to fulfil the objectives of the project. Approved payment limitation waivers may not exceed an aggregate payment limit of \$900,000 to the water management entity or any individual member thereof, for all contracts entered into under the water conservation project authority during the 2018 Farm Bill period\*. NRCS must consider the following criteria when determining whether to approve a payment limitation waiver for a water management entity:

- (i) The number of producers who will benefit from the water conservation project.

- (ii) The conservation value of the conservation practices and activities involved in the project.
- (iii) The non-Federal assets leveraged for the project.
- (iv) The extent of progressive practice implementation.

**Note:** The FAPD division director may approve an AGI waiver concurrently with a payment limitation waiver for the water management entity, as applicable. If a payment limitation is approved, then the contract limitations should also be waived to a corresponding amount, up to \$900,000.

**\*Note:** The payment limitation associated with water management entities and members thereof is separate and not attributed to the \$450,000 general EQIP payment limitation.

### 530.407 Conservation Innovation Grants

Refer to 440-CPM, Part 526, for policy guidance on Conservation Innovation Grants.

### 530.408 EQIP Incentive Contracts

#### A. General

The 2018 Farm Bill introduced EQIP incentive contracts to expand resource benefits for producers through incentive conservation practices such as cover crops, transition to resource conserving crop rotations, and precision agriculture technologies along with a similarly broad suite of incentive practices for ranchers and nonindustrial private forest operators. EQIP incentive contracts can be a steppingstone for producers between EQIP classic and Conservation Stewardship Program contracts.

#### B. High Priority Areas and Priority Resource Concerns.

State conservationists, in consultation with the State technical committee, will identify priority resource concerns and areas of high priority for each State.

- (i) High priority area. These are areas with identified priority resource concerns that represent a significant concern in a State or region. Additionally:
  - The set of high priority areas must encompass every region within the State.
  - A high priority area may encompass an entire State or overlap with other high priority area such that a given parcel of land may exist in multiple high priority areas.
- (ii) Priority resource concerns.
  - States may identify up to three priority resource concerns for each land use within a given high priority area.
  - The same priority resource concerns may be used for more than one land use within the same high priority area.
  - For each priority resource concern, States will identify the incentive practices that will be available for payment under an incentive contract.

**Note:** Information about EQIP Incentive contracts must be publicized. Refer to subpart A, section 530.5 for specific guidance.

#### C. Incentive Contract Selection

Applications will be accepted and processed in accordance with EQIP policy within this subpart and subpart D, “Application Processing,” and subpart E, “Contract Development and Requirements,” of this manual. Additional requirements for selecting incentive contracts:

- (i) Priority will be given to applications that address eligible priority resource concerns.

- (ii) Applications will be evaluated relative to other applications for similar agriculture and forest operations.
- (iii) Applications must contain at least one qualifying incentive practice.

#### D. Incentive Contract Development

- (1) Incentive contract requirements:
  - (i) The participant must agree to implement one or more incentive practices.
  - (ii) The minimum contract area is the planning land unit (PLU). Refer to Title 180 National Planning Procedures Handbook, Part 600, for additional information related to conservation planning.
  - (iii) A payment for technical services may be included in the contract. Refer to subpart E, section 530.40C of this manual for information related to technical service providers.
- (2) Incentive contract terms. An incentive contract will—
  - (i) Identify all incentive practices to be implemented, the timing of practice installation, responsibilities of the participant, the O&M requirements for the practices, and applicable payments allocated to the practices under the contract.
  - (ii) Specify any other provision determined necessary or appropriate by NRCS to achieve the technical requirements of a conservation practice or purposes of the program.
  - (iii) Be an appropriate contract length to achieve the desired conservation benefits, and not less than 5 years and not more than 10 years. NRCS shall apply science-based criteria to determine an appropriate contract period to achieve desired conservation benefits. Longleaf pine habitat development is an example of a project that may take several years to successfully establish to the desired threshold.
- (3) NRCS may terminate an incentive contract consistent with the provisions of subpart H, “Contract Reviews and Quality Assurance,” and subpart I, “Contract Violations,” of this manual.

#### E. Incentive Contract Payments and Payment Limitations

Two types of payments will be made under incentive contracts. Incentive practice payments will be made for adopting and installing incentive practices and annual payments will be made for managing, maintaining, and improving incentive practices during the contract period.

- (i) Incentive practice payments. The payment rates for implementation of incentive practices will be the same as payment rates for practice implementation. To the extent that purposes overlap, States may offer the higher payment rate for high priority practices and source water protection.
- (ii) Annual payments may be made to compensate the participants for up to 100 percent of the costs of—
  - O&M of the incentive practice; and
  - Income foregone by the participant, including payments to address, as appropriate:
    - Increased economic risk,
    - Loss in revenue due to anticipated reductions in yield, and
    - Economic losses during transition to a resource-conserving cropping system, or resource-conserving land uses.
- (iii) Aggregate payment limitation.
  - The total amount of payments paid to a person or legal entity, directly or indirectly, under all incentive contracts entered into during the period of fiscal years 2019 through 2023, may not exceed an aggregate of \$200,000.
  - Payments received for technical assistance will be excluded from the payment limitation.
  - The payment limitation cannot be waived.

- EQIP incentive contract payments will not apply towards the \$450,000 EQIP payment limitation.
- (iv) Contract Limitations—
- Each EQIP incentive contract with a person or legal entity will be limited to \$200,000 over the term of the contract period.
  - EQIP incentive contracts with joint operations (FSA business type 2 or 3) may have a contract limit of up to \$400,000 over the term of the contract period.
  - Indian Tribes or Alaska Native corporations are not subject to contract limits. Refer to subpart C, section 530.21B of this manual for additional information regarding contract limits for Indian Tribes or Alaska Native corporations.
  - When NRCS approves a contract transfer from a person or legal entity to a joint operation, the contract limitation will not increase due to the change in business type. If NRCS approves a contract transfer from a joint operation to an individual or legal entity, a cost cap may need to be applied to prevent the participant from exceeding their contract limitation. Refer to section 530.406C above.

**Note:** Refer to subpart B, “Managing Funds,” and subpart F, “Payments,” of this manual, and to 300-LTPH-600 for guidance on payment types and payment schedules.

### **530.420 EQIP Exhibits**

- A. EQIP Preobligation Checklist
- B. EQIP Incentives Preobligation Checklist [reserved]
- C. EQIP Irrigation History Waiver Worksheet
- D. EQIP Regulation—7 CFR part 1466
- E. Advance Payment Collection Letter
- F. EQIP Water Management Entity Flowchart
- G. EQIP AGI Applicability and Payment Limitation Waiver Request Worksheet for WMEs