

DEPARTMENT OF AGRICULTURE**Office of the Secretary****Alternative Fueled Vehicle Refueling System Program (Refueling System Program); Determination of Primary Purpose of Program Payments for Consideration as Excludable From Income Under Section 126 of the Internal Revenue Code of 1986**

AGENCY: Office of the Secretary, U.S. Department of Agriculture.

ACTION: Notice of determination.

SUMMARY: The Secretary of Agriculture has determined that all cost-share payments made to individuals by the State of Arizona under the Refueling System Program are made primarily for the purpose of protecting or restoring the environment. This determination is made in accordance with section 126 of the Internal Revenue Code of 1986, as amended (26 U.S.C. 126). This determination permits recipients of these cost-share payments to exclude them from gross income to the extent allowed by the Internal Revenue Service.

ADDITIONAL INFORMATION OR COMMENTS: Jackie Vieh, Director of the Arizona Department of Commerce, 3800 North Central Avenue, Suite 1500, Phoenix, Arizona 85012, (602) 280-1300; Amanda Ormond, Energy Office Director, Arizona Department of Commerce, 3800 North Central Avenue, Suite 1200, Phoenix, Arizona 85012, (602) 280-1402; or Conservation Operations Division, Natural Resources Conservation Service, USDA, P.O. Box 2890, Washington, D.C. 20013, (202) 720-1845.

SUPPLEMENTARY INFORMATION: Section 126 of the Internal Revenue Code of 1986, as amended (26 U.S.C. 126), provides that certain payments made to persons under State conservation programs may be excluded from the recipient's gross income for Federal income tax purposes, if the Secretary of Agriculture determines that payments are made "primarily for the purpose of conserving soil and water resources, protecting or restoring the environment, improving forests, or providing a habitat for wildlife." The Secretary of Agriculture evaluates these conservation programs on the basis of criteria set forth in 7 CFR Part 14, and makes a "primary purpose" determination for the payments made under each program. Before there may be an exclusion, the Secretary of the Treasury must determine that payments made under these conservation programs do not increase substantially the annual

income derived from the property benefited by the payments.

One of Arizona's air quality improvement programs is the alternative fuel vehicle program. This comprehensive program provides various incentives to individuals, businesses, government, and industry to encourage the use of alternative fuels. The incentives include tax deductions and credits, a reduced vehicle license tax, access to high occupancy vehicle lanes, grants to public entities for alternative fuel vehicles, and grants to build infrastructure. The Arizona Legislature began crafting this program in 1988. In 1994, House Bill 2575 was enacted in the Forty-first Legislature Second Regular Session. As part of Arizona's State Implementation Plan (SIP) submitted to the Environmental Protection Agency, this bill required government fleets operating in Arizona to convert a percentage of their vehicles to operate on alternative fuels. These fuels were identified as natural gas, liquid petroleum gas, hydrogen, electric, and alcohol fuels with at least 85 percent alcohol. The percentage of the fleets to be converted stated at 18 percent in 1995, and increases to 75 percent by the year 2000 and every year thereafter. The mandates apply to State fleets, city fleets, county fleets, school districts, and the Federal fleets operating in the Phoenix metropolitan area.

Another part of House Bill 2575, the Refueling System Program, provides incentives for individuals to convert or purchase alternative fuel vehicles and install refueling facilities on their properties. These incentives are in the form of subtractions from adjusted gross income, credit on tax liabilities, and grants. One of the grants available, provided by Arizona Revised Statute (ARS) 41-1516(c)(2), is a grant of up to \$1,000 for the purchase and installation of an alternative fuel delivery system for use on the individual's property in Arizona. The purpose of providing these incentives is to increase the use of alternative fuel vehicles, which emit less tailpipe emissions of carbon monoxide, hydrocarbons, and oxides of nitrogen, in Arizona. There are numerous reports on alternative fuel vehicles that indicate a significant reduction in air pollutants versus gasoline powered vehicles. The grant is for the cost of the refueling equipment and the installation of the equipment, with the total grant not to exceed \$1,000. The grant will never be awarded for more than the actual cost of the refueling system, and the grant is only for use by the individual.

Individuals who want to apply for this grant must complete an application form that asks for information about the equipment and installation, including the license number of the installing licensed contractors and equipment suppliers. Information on the alternative fuel vehicle(s) must also be supplied. Any taxpayer wishing to receive a tax credit or subtraction on an alternative fuel vehicle must first have the vehicle certified by the Arizona Department of Commerce Energy Office.

Several types of home fueling equipment are expected to be installed on individuals' properties as a result of this program. One possible system is a compressor for natural gas, so that individuals with a Compressed Natural Gas vehicle can fill their vehicle tanks overnight by connecting to their homes' natural gas lines. A natural gas compressor can be purchased for approximately \$4,000, plus installation. Another type of alternative fueling system that is expected to be used as a result of this program is an electric vehicle recharging system. A recharging system can be purchased for approximately \$2,000, and the infrastructure required for the recharging system may cost up to \$750. The \$1,000 grant is designed to help offset these costs.

Procedural Matters

The authorizing legislation, regulations, and operating procedures regarding the Refueling System Program have been examined using the criteria set forth in 7 CFR Part 14. The U.S. Department of Agriculture has concluded that the grant payments made for implementation of best management practices under this program are made primarily for the purpose of protecting or restoring the environment. A "Record of Decision, Alternative Fueled Vehicle Refueling System Program, Primary Purpose Determination for Federal Tax Purposes" has been prepared and is available upon request from the Director, Conservation Operations Division, Natural Resources Conservation Service, USDA, P.O. Box 2890, Washington, D.C. 20013, (202) 720-1845; or the Director of Commerce, Arizona Department of Commerce, 3800 North Central Avenue, Suite 1500, Phoenix, Arizona 85012, (602) 280-1300.

Determination

As required by section 126(b) of the Internal Revenue Code of 1986, as amended, I have examined the authorizing legislation, regulations, and operating procedures regarding the

Alternative Fueled Vehicle Refueling System Program. In accordance with the criteria set out in 7 CFR Part 14, I have determined that all grant payments for implementation of best management practices made under this program are primarily for the purpose of protecting or restoring the environment. Subject to further determination by the Secretary of the Treasury, this determination permits payment recipients to exclude from gross income, for Federal income tax purposes, all or part of such payments made under said program.

Signed at Washington, D.C., on August 26, 1998.

Dan Glickman,

Secretary of Agriculture.

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DEPARTMENT OF AGRICULTURE

Cooperative State Research, Education, and Extension Service

Notice of Cancellation of Fiscal Year 1998 Agricultural Telecommunications Program Solicitation of Proposals

AGENCY: Cooperative State Research, Education, and Extension Service, USDA.

ACTION: Notice of Cancellation of Fiscal Year 1998 Agricultural Telecommunications Program Solicitation of Proposals.

SUMMARY: The Cooperative State Research, Education, and Extension Service (CSREES) is canceling its Solicitation of Proposals for the Fiscal Year 1998 Agricultural Telecommunications Program to comply with Section 245 of the Agricultural Research, Extension, and Education Reform Act of 1998. Proposals submitted to CSREES will be returned to the sender.

FOR FURTHER INFORMATION CONTACT: Ms. Louise Ebaugh, Director, Office of Extramural Programs on (202) 720-9181; e-mail, lebaugh@reeusda.gov; fax, (202) 401-7752.

ADDRESSES: Written comments or requests for information may be sent to: Ms. Louise Ebaugh, Director, Office of Extramural Programs, Cooperative State, Research, Education and Extension Service, U.S. Department of Agriculture, STOP 2299, 1400 Independence Avenue, S.W., Washington, D.C. 20250-2299.

SUPPLEMENTARY INFORMATION: The Agricultural Telecommunications Program is authorized in Section 1673 of the Food, Agriculture, Conservation, and Trade Act of 1990 (FACTA), Pub. L.

101-624 (7 U.S.C. 5926). On June 18, 1998, by **Federal Register** notice (63 FR 33490), CSREES notified eligible organizations of the availability of funding and set forth application procedures and selection criteria for the fiscal year 1998 Agricultural Telecommunications Program. On June 23, 1998, President Clinton signed into law the Agricultural Research, Extension, and Education Reform Act of 1998, AREERA, (Pub. L. 105-185). Section 245 of AREERA modifies Section 1673 of FACTA to require the Secretary of Agriculture to administer an Agricultural Telecommunications Program through a grant provided to the distance education consortium known as A*DEC under terms and conditions established by the Secretary. Therefore, CSREES is canceling the Fiscal Year 1998 Agricultural Telecommunications Program Solicitation of Proposals and will administer the program through an award to A*DEC to enable it to administer a competitive grant project under the program. It is the intent of CSREES to issue an award to A*DEC on or before September 30, 1998.

Information regarding the Agricultural Telecommunications Program, including instructions for the submission of proposals, will be published by A*DEC.

Done at Washington, D.C., on this 26th day of August, 1998.

Colien Hefferan,

Acting Administrator, Cooperative State Research, Education, and Extension Service.

[FR Doc. 98-23521 Filed 8-31-98; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Types and Quantities of Agricultural Commodities Available for Donation Overseas Under Section 416(b) of the Agricultural Act of 1949, as Amended, in Calendar Year 1998

AGENCY: Foreign Agricultural Service, USDA.

ACTION: Notice.

SUMMARY: On August 19, 1998, the Under Secretary of Agriculture for Farm and Foreign Agricultural Services determined that not more than 2.5 million metric tons of surplus wheat that may be acquired by CCC would be available for donation overseas under section 416(b) of the Agricultural Act of 1949, as amended, during calendar year 1998.

FOR FURTHER INFORMATION CONTACT: Ira Branson, Director, CCC Program Support Division, FAS, USDA, (202) 720-3573.

Dated: August 14, 1998.

Lon Hatamiya,

Administrator, Foreign Agricultural Service.

[FR Doc. 98-23519 Filed 8-31-98; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Grain Inspection, Packers and Stockyards Administration

Designation for the Cairo (IL), Louisiana, and North Carolina Areas

AGENCY: Grain Inspection, Packers and Stockyards Administration (GIPSA).

ACTION: Notice.

SUMMARY: GIPSA announces the designation of Cairo Grain Inspection Agency, Inc. (Cairo), the Louisiana Department of Agriculture and Forestry (Louisiana), and the North Carolina Department of Agriculture (North Carolina) to provide official services under the United States Grain Standards Act, as amended (Act).

EFFECTIVE DATES: October 1, 1998, for Louisiana and North Carolina and November 1, 1998, for Cairo.

ADDRESSES: USDA, GIPSA, Janet M. Hart, Chief, Review Branch, Compliance Division, STOP 3604, Room 1647-S, 1400 Independence Avenue, S.W., Washington, DC 20250-3604.

FOR FURTHER INFORMATION CONTACT: Janet M. Hart, at 202-720-8525.

SUPPLEMENTARY INFORMATION: This action has been reviewed and determined not to be a rule or regulation as defined in Executive Order 12866 and Departmental Regulation 1512-1; therefore, the Executive Order and Departmental Regulation do not apply to this action.

In the April 1, 1998, **Federal Register** (63 FR 15827), GIPSA asked persons interested in providing official services in the geographic areas assigned to Cairo, Louisiana, and North Carolina to submit an application for designation. Applications were due by April 30, 1998. Cairo, Louisiana, and North Carolina, the only applicants, each applied for designation to provide official services in the entire area currently assigned to them.

Since Cairo, Louisiana, and North Carolina were the only applicants, GIPSA did not ask for comments on them.

GIPSA evaluated all available information regarding the designation criteria in Section 7(f)(1)(A) of the Act and, according to Section 7(f)(1)(B), determined that Cairo, Louisiana, and North Carolina are able to provide official services in the geographic areas