

House Committee on Natural Resources

Rob Bishop, Chairman

Markup Memo

May 3, 2018

To: All Natural Resources Committee Members

From: Majority Committee Staff
Subcommittee on Water, Power and Oceans (x5-8331)

Mark-Up: **H.R. 4689 (Rep. Adrian Smith, R-NE)**, To authorize early repayment of obligations to the Bureau of Reclamation within the Northport Irrigation District in the State of Nebraska.
May 8, 2018 at 10:15 AM; 1324 Longworth HOB

H.R. 4689 (Rep. Adrian Smith), *To authorize early repayment of obligations to the Bureau of Reclamation within the Northport Irrigation District in the State of Nebraska*

Bill Summary

H.R. 4689 gives individual landowners within the Northport Irrigation District the ability to make accelerated or lump sum capital repayments to the federal government. In exchange for paying their part of Northport's debt, the landowners who pay will no longer be subject to federal acreage limitations and paperwork requirements.

Background

Under federal law, any irrigation district that receives contracted water from a Bureau of Reclamation facility must repay its allocated portion of the capital costs of the federal water project. These repayment costs are typically set forth in long-term capital repayment contracts between the irrigation district and the federal government.

Northport, located in western Nebraska, is one of four irrigation districts that receive water from the federal North Platte Project. Water for Northport is conveyed 80 miles from the Guernsey Reservoir through the Tri-State Canal, which is privately owned and operated by the Farmers Irrigation District.¹ In return for allowing the water to be conveyed through the Tri-State Canal, Farmers receive compensation from Northport. Pursuant to a 1958 amendment to the Northport/Bureau of Reclamation contract, if the amount of the carriage fee owed to Farmers by Northport is more than \$8,000 per year, Northport is not obligated to make its annual capital

¹ <https://www.usbr.gov/projects/index.php?id=363>

repayment to the federal government.² According to a Northport official, the annual carriage fee can be anywhere from \$80,000 to \$100,000.³ Since carriage fees have been over \$8,000 per year since the early 1950s, Northport's capital repayment debt to the federal government has remained at approximately \$923,000 for over six decades.⁴ As long as Northport owes the debt, its landowners are subject to the 960 irrigated acre planting limitation and paperwork requirements that must be met prior to getting water each year, as set forth in the Reclamation Reform Act of 1982 (Title II of Public Law 97-293).

There are several landowners within Northport who have reached retirement age with plans to leave the real estate to family members who have already accumulated acres. Those combined acres will make additional families subject to the 960-irrigated-acre planting limitation. Several landowners within Northport are willing to repay their portion of the capital repayment obligations owed to the federal government to avoid being subject to the federal requirements in Public Law 97-293. The same law, however, prohibits these landowners from making such accelerated or lump sum payments. According to a Northport Board member, approximately 20 of the 65 landowners may use the authorities granted in H.R. 4689 to repay the federal government.⁵

Allowing individual landowners (as opposed to an entire irrigation district) the ability to do this is based on two precedents during Democratic and Republican Congresses: Section 508 of Public Law 110-229⁶ and "The Southern Oregon Bureau of Reclamation Repayment Act of 2005" (Public Law 109-138)⁷, respectively. These public laws and H.R. 4689 waive section 213 of the Reclamation Reform Act of 1982, which prohibits any early repayment unless the repayment contract between an irrigation district and the United States allowed for prepayment of the contract at the time the Reclamation Reform Act was enacted.

Major Provisions/Analysis of H.R. 4689

Section 1. Early Repayment of Construction Costs. This section allows any landowner within the Northport Irrigation District to repay the applicable capital construction costs. After repayment of these allocated costs, the landowner within Northport is no longer subject to federal reporting requirements or federal acreage limitations mandated under the Reclamation Reform Act.

² <https://naturalresources.house.gov/uploadedfiles/wpletter1.pdf>

³ Natural Resources Republican staff conversation with Northport Irrigation District Board Member George Hall on June 3, 2014

⁴ <https://naturalresources.house.gov/uploadedfiles/wpletter1.pdf>

⁵ Id

⁶ <http://www.gpo.gov/fdsys/pkg/PLAW-110publ229/html/PLAW-110publ229.htm>

⁷ <http://www.gpo.gov/fdsys/pkg/PLAW-109publ138/html/PLAW-109publ138.htm>

Cost

The Congressional Budget Office found that an identical version of this legislation in the last Congress would increase revenues to the federal government by \$440,000 over the 2016-2025 period.⁸

Administration Position

Unknown

Anticipated Amendments

None

⁸ <https://www.cbo.gov/publication/50070>