

Statement of William E. Rinne
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U.S. Department of the Interior
Before the House Resources Committee
Subcommittee on Water and Power

H.R. 5666

Southern Idaho Bureau of Reclamation Repayment Act

July 27, 2006

Mr. Chairman and members of the Subcommittee, I am William Rinne, Acting Commissioner of the Bureau of Reclamation. Thank you for the opportunity to provide the Administration's views on H.R. 5666, the Southern Idaho Bureau of Reclamation Repayment Act. The bill, which we support with some modifications, would authorize early repayment of obligations to the Bureau of Reclamation within the A&B Irrigation District of Idaho.

The A&B Irrigation District is the only district in the Minidoka Project that remains subject to the acreage limitation provisions of Federal reclamation law. Under section 213 of the Reclamation Reform Act of 1982 (RRA), early repayment of a district's construction costs is prohibited unless the district's repayment contract with Reclamation included a provision allowing for early repayment when the RRA was enacted.

At one time, over 50 districts in the Minidoka Project were subject to the acreage limitation provisions and many of those districts had an early repayment provision in their contracts. In order to provide consistency for the landowners in the remaining district, we support H.R. 5666 approach to allow early repayment in A&B Irrigation District. However, we recommend that the bill be amended in order to ensure consistency for all landowners within the project.

In general, early repayment authority in contracts is limited to landowners. In other words, a district cannot pay out early; rather, each landowner can decide if his or her land should be paid out early. It is Reclamation policy to require landowners who want to pay early to pay out all of their land in the subject district and not just a portion of their land. This concept was included in the recently enacted "Southern Oregon Bureau of Reclamation Repayment Act of 2005," which provided early payout authority for two districts in Oregon (Public Law 109-138).

As currently written, H.R. 5666 can be interpreted to provide the opportunity for landowners to pay out either all of their land in A&B Irrigation District or a portion of that land. The latter is a benefit that other landowners who are subject to the acreage limitation provisions simply do not enjoy and would inject inconsistency into the administration of the acreage limitation provisions. Early payout would accelerate the repayment of these project costs to the United States Treasury. Where these repayment obligations are not accompanied by interest, early repayment has a net positive impact on overall repayment to the Treasury and we are highly confident that this will be the case under this bill. However, we should note that a small number of landowners hold in excess of 960 acres and therefore pay full cost. Since full cost has an interest component, if these landowners opt to pay out early, this could result in slightly lower repayment from those landowners.

We believe our concerns can be addressed with a simple revision to H.R. 5666 and we stand ready to provide revised language. This concludes my testimony and I would be pleased to answer any questions you may have.