

TO AUTHORIZE EARLY REPAYMENT OF OBLIGATIONS TO THE BUREAU OF RECLAMATION WITHIN THE NORTHPORT IRRIGATION DISTRICT IN THE STATE OF NEBRASKA

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JULY 17, 2014.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed
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Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

R E P O R T

[To accompany H.R. 4562]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 4562) to authorize early repayment of obligations to the Bureau of Reclamation within the Northport Irrigation District in the State of Nebraska, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 4562 is to authorize early repayment of obligations to the Bureau of Reclamation within the Northport Irrigation District in the State of Nebraska.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 4562 gives individual landowners within the Northport Irrigation District the ability to make accelerated or lump sum capital repayments to the federal government under its water contract with the Bureau of Reclamation. 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. 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 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 res-

ervoir through the Tri-State Canal, which is privately owned and operated by the Farmers Irrigation District. In return for allowing the water to be conveyed through the Tri-State canal, Farmers receives compensation in the form of a “carriage fee” 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 repayment to the federal government. According to testimony presented by a Northport official on the bill, the annual carriage fee can be anywhere from \$80,000 to \$100,000. Since carriage fees have been over \$8,000 per year since the early 1950s, Northport’s capital repayment debt to the federal government has been stagnant at over \$923,000 for over six decades. 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 (Public Law 97–293).

There are several landowners within Northport that have reached retirement age with plans to leave the real estate to family members who have already accumulated acres. Those combined acres will take families over 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; however federal law prohibits these landowners from making such accelerated or lump sum payments. This bill allows for such accelerated or lump sum repayments and is based on two bipartisan precedents (Section 508 of Public Law 110–229 and Public Law 109–138). In short, the bill will likely generate revenue for the federal government while giving farm families the ability to grow and expand their operations.

COMMITTEE ACTION

H.R. 4562 was introduced on May 1, 2014, by Congressman Adrian Smith (R–NE). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Water and Power. On June 10, 2014, the Subcommittee on Water and Power held a hearing on the bill. On June 19, 2014, the Natural Resources Committee met to consider the bill. The Subcommittee on Water and Power was discharged by unanimous consent. No amendments were offered and the bill was adopted and ordered favorably reported to the House of Representatives by unanimous consent.

SECTION-BY-SECTION ANALYSIS

Section 1. Early Repayment of Construction Costs

Subsection (a) allows any landowner within the Northport Irrigation District to repay, at any time, the construction costs of project facilities allocated to the landowner’s land within Northport, notwithstanding Section 213 of the Reclamation Reform Act of 1982 (Public Law 97–293).

Subsection (b) stipulates that upon full repayment of all costs described in subsection (a), the parcels of land shall not be subject to

the ownership and full-cost pricing limitations under the Reclamation Reform Act of 1982 (Public Law 97–293).

Subsection (c) authorizes the Secretary of the Interior to provide a certificate of repayment described in section 213(b)(1) of the Reclamation Reform Act of 1982 (Public Law 97–293) upon the request of the landowner who has repaid the costs described in subsection (a).

Subsection (d) states that nothing in the bill: (1) modifies any contractual rights under, or amends or reopens, the reclamation contract between Northport and the United States; or (2) modifies any rights, obligations, or relationships between Northport and landowners within Northport under Nebraska State law.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that Rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 4562—A bill to authorize early repayment of obligations to the Bureau of Reclamation within the Northport Irrigation District in the state of Nebraska

H.R. 4562 would allow individual landowners in the Northport Irrigation District in Nebraska to prepay their share of the cost to build the North Platte Project in Nebraska. Based on information from the Bureau of Reclamation, CBO estimates that enacting the legislation would have an insignificant effect on the federal budget. Because the legislation would affect direct spending, pay-as-you-go procedures apply. Enacting H.R. 4562 would not affect revenues.

Currently, the Northport Irrigation District is not making any payment to the bureau on the district's outstanding obligation of \$924,000 that it owes for the irrigation project. Based on information from the bureau, CBO does not expect the district to begin repaying this debt in the next several years.

H.R. 4562 would allow the 25 individual landowners in the district to pay their portion of the balance early. Based on information from the district, about half of those landowners are expected to do so under the bill. CBO estimates that those payments would increase offsetting receipts (which are treated as reductions in direct spending) to the federal government by \$440,000 over the 2015–2024 period.

H.R. 4562 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Aurora Swanson. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

2. Section 308(a) of Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures. CBO estimates that provisions in the bill would increase offsetting receipts (which are treated as reductions in direct spending) to the federal government by \$440,000 over the 2015–2024 period.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to authorize early repayment of obligations to the Bureau of Reclamation within the Northport Irrigation District in the State of Nebraska.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

COMPLIANCE WITH H. RES. 5

Directed Rule Making. The Chairman does not believe that this bill directs any executive branch official to conduct any specific rule-making proceedings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169) as relating to other programs.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.