

worst water in the State, have started to realize the Reformulation Act's promise of safe drinking water as they have completed the first phase of their own MR&I programs.

Experts from North Dakota State University have conducted valuable research at the Oakes test area, also authorized by the 1986 act, on alternative crops such as beans, onions, and carrots, which were not traditionally grown in our State. This research provided the basis for farming diversification that will benefit our economic future. With such research in hand, the State will be able to carry out agricultural development in five areas authorized by the new bill.

In addition, the 1986 act provided for the purchase of 23,000 acres of wetlands, grasslands, and woodlands for wildlife mitigation and enhancement and authorized development of the 5,000-acre Kraft Slough National Wildlife Refuge.

RETHINKING THE PROMISE OF WATER DEVELOPMENT

Despite the Garrison act's benefits, much of its promise remains unrealized. We still have not completed a means of meeting the water needs of North Dakota's most populous area, the Red River Valley with key cities at Wahpeton, Fargo, Grand Forks, and Grafton, ND. That act also included authorizations for agricultural projects that were deemed to be too costly or too environmentally disruptive to pursue.

So the bipartisan leadership of the State, including the Governor, the majority and minority leadership of the State legislature, and the congressional delegation embarked on an effort to complete the project in a way that could meet the tough tests of fiscal responsibility, environmental protection, economic opportunity, project completion, and statewide support.

I want to commend publicly the efforts of my two congressional colleagues, Senator KENT CONRAD and Congressman EARL POMEROY, as well as Gov. Ed Schafer, and the bipartisan leadership of the North Dakota Legislature—State Senators Gary Nelson and Tim Mathern, and State Representatives John Dorso and Merle Boucher—for their creative and tireless efforts to build a statewide consensus for a bill that meets those tests.

DAKOTA WATER RESOURCES ACT OF 1997

Before turning to those tests, let me summarize the key components of the bill and their benefits to North Dakota. The bill provides:

\$300 million for municipal, rural and industrial [MR&I] water systems in North Dakota;

\$200 million to meet the comprehensive water needs of the Red River Valley;

\$200 million for MR&I projects for four Indian reservations; \$40 million for construction of Four Bears Bridge across Lake Sakakawea;

\$25 million for a natural resources trust to preserve, enhance, restore, and manage wetlands and associated wildlife habitat, grasslands, and riparian areas;

\$5 million for recreation projects;

\$1.5 million for a Wetlands Interpretive Center in North Dakota;

Debt forgiveness for expenses associated with features of the Garrison project previously constructed with Federal funds, but which now will go unused, or only partially used;

Authorization for the state to develop water conservation programs using MR&I funding;

Authorization for a study of bank stabilization along the Missouri River below Garrison Dam;

Designation of the current Lonetree Reservoir as a wildlife conservation area;

A provision requiring the Federal Government to pay for operation and maintenance on mitigation lands;

A provision that "upon transfer of the Oakes Test Area to the State of North Dakota, but not later than 1 year after enactment of this Act, federal funds authorized by this Act may not be used to subsidize the irrigation of any crops at the Oakes Test Area";

A provision giving Indian tribes flexibility in determining irrigation sites within the reservations;

A provision that the bill will not result in any rate increases for power generated by dams on the Missouri River; and

Authorization for the following irrigation areas: Turtle Mountain—13,700 acres, McClusky Canal—10,000 acres, Missouri River Basin—28,000 acres, Stand Rock Sioux Reservation—2,380 acres, Fort Berthold Reservation—15,200 acres, and New Rockford Canal—1,200 acres, provided user fees pay for the cost of irrigation at this site.

THE DAKOTA WATER RESOURCES ACT MEETS THE TEST

Let me return to my prior thought and show how the Dakota Water Resources Act of 1997 meets the tests I noted before.

First, it is fiscally responsible because it cuts nearly \$200 million for irrigation projects and requires cost sharing by the State for the MR&I projects authorized by the bill. Further, it stretches Federal resources by allowing the State to make loans, rather than grants, under the MR&I program so that money can be recycled through a revolving fund and thereby benefit even more communities across the State. The MR&I programs for the State and tribes alike focus only on the highest priority water needs, which have been validated by the State Water Commission and the Bureau of Reclamation.

Second, the act provides substantial environmental benefits. It includes incentives for water conservation and the creation of a natural resources trust. The bill provides additional incentives for the State to establish and meet specified conservation goals. Also, it allows for the creation of a separate account in an expanded national re-

sources trust to maintain sensitive mitigation tracts. Perhaps more notably, the bill includes for the first time as one of the defined project purposes "enhancement of fish and wildlife habitat and other natural resources."

Let me share with colleagues a letter and statement from the professional wildlife managers and biologists, the North Dakota Chapter of the Wildlife Society, which explains their support for the new legislation. The Society said, in part, that:

We strongly believe the cooperative effort with the Congressional Delegation and North Dakota's state political leaders has strengthened the bill. Throughout this effort we have sought to develop legislation that benefits North Dakotans through water development and minimizes potential impacts to our state's natural resources.

I want to commend the North Dakota Chapter of the Wildlife Society for its strong and explicit support for this legislation. Its members, especially Mike Olson, Dick Kroger, and Bill Bicknell, have played a key role in developing this bill.

Third test: This bill meets a third test by providing much more for economic development than natural resource enhancement alone. Water is necessary for all life, but in the semi-arid Plains States, such as North Dakota, it is often difficult to find a reliable supply of water to meet the needs of growing population centers and agriculture. Moreover, even where water is available, it often is undrinkable.

I remember seeing a constituent from the Dickinson area hold a glass of what appeared to be tobacco juice only to be informed that it was tap water. Several communities in southwestern North Dakota, where I grew up, cannot even comply with Environmental Protection Agency [EPA] standards implementing the Safe Drinking Water Act. Western North Dakota communities clustered around Minot and Dickinson will gain the benefits of reliable drinking water supplies from the northwest area water supply and the southwest pipeline, which are authorized in this bill.

The Dakota Water Resources Act of 1997 will assure an adequate and dependable water supply for at least one out of three North Dakotans in urban, rural, and native American communities. It will also promote industrial uses in North Dakota for manufacturing and agricultural processing and target water delivery to five project areas for agricultural development. Finally, the bill will enhance recreation through projects such as a Wetlands Interpretive Center.

The fourth test this bill meets is project completion. A major provision of the bill is to allow the State to choose, in consultation with the Secretary of the Interior, how to meet the water needs of the Red River Valley—North Dakota's fastest growing region. The legislation will permit the State to either complete an existing water supply system or choose alternative methods to meet the comprehensive water

quality and quantity needs of Fargo, Grand Forks, Wahpeton, Grafton and other Red River Valley communities in both North Dakota and Minnesota. North Dakotans have waited 50 years to have this promise kept and this bill keeps the promise while meeting tough environmental standards, the requirements of the Boundary Waters Treaty with Canada and the test of fiscal responsibility.

Finally, our bill represents a rare consensus among all the major participants in State water development and conservation. To insure the most balanced and representative bill, the North Dakota congressional delegation, the Governor, and State legislative leaders worked cooperatively with the many State interest groups to reach consensus on what are often contentious issues. Evidence of our success in building that consensus on this bill is provided in the many letters from community leaders, cities, native American tribes, water users, rural electric cooperatives, water resource districts, the North Dakota Education Association, Chamber of Commerce, industrial development commission, and the North Dakota Chapter of the Wildlife Society, as noted before.

I ask that copies of all of these letters be entered into the RECORD at the end of my statement and that of my colleague, Senator CONRAD. However, I would like to give my colleagues a flavor of the support that this bill enjoys in my State.

SUPPORT ACROSS NORTH DAKOTA

In western North Dakota, Dickinson Mayor Fred Gengler says that nothing has improved the quality of life for citizens in western North Dakota more than a reliable supply of water made possible through water delivery funded by grants through the State of North Dakota. On behalf of the city of Minot, Mayor Orlin Backes says: "The proposal you have jointly and cooperatively developed will finish a project that has languished far too long." Williston's mayor, Ward Koeser, wrote that "Your efforts to address the water needs of the entire state, and in turn that of the Williston trade area, make it very easy to send this letter of support for your efforts."

Growing communities in eastern North Dakota, such as two of North Dakota's largest cities, Fargo and Grand Forks, need an assured supply of water to plan for their future growth. It may shock some of my colleagues to know that the Red River of the North, the source of catastrophic flooding last spring, is the major source of drinking and industrial water for nearly one-fourth of the State's population and that it has actually stopped flowing several times in the past 100 years.

For the past 20 years, Fargo has been an engine of growth in North Dakota and its population has grown by nearly 2 percent per year. If this rate of growth is sustained, its population would double in 36 years. This population growth is essential to building

the statewide economy, including Fargo's.

The city of Fargo has just completed construction of a state-of-the-art water treatment facility to address community needs into the 21st century. But even the best treatment facilities need an adequate and dependable supply of water to meet the current and future needs of a growing community. Not surprisingly, Mayor Bruce Furness of Fargo writes that this bill "... will greatly enhance Fargo's and eastern North Dakota's potential as a growth area—for population, economic, and agricultural purposes..."

For her part, Mayor Pat Owens of Grand Forks said: "I strongly support the approach taken of implementing a comprehensive package that will benefit the State of North Dakota." Many of you will remember Mayor Owens as the steady hand that guided her city through tumultuous events of last spring's historic flood and the ensuing relief and recovery. She indicated that it was essential that Grand Forks have a reliable drinking supply for its citizens for the future.

The four native American tribes sent letters supporting the proposed legislation. Chairman Charles Murphy of the Standing Rock Sioux Tribe especially appreciated the Indian irrigation included in the bill. The three affiliated tribes of the Mandan, Hidatsa, and Arikara Nation at Fort Berthold, in a letter from Chairman Russell Mason, welcomed ongoing funding for MR&I water needs of the tribes. They are joined in support for the bill by the chairs of the Spirit Lake Nation and Turtle Mountain Band of Chippewa Indians, Myra Pearson, and Raphael DeCoteau, respectively.

It's rare for both water users and conservation groups to agree to support the same project. These groups are usually at loggerheads over policy. This legislation is a dramatic exception.

The water users embraced the bill as a sound compromise between water development and environmental protection. Mike Dwyer and Jack Olin, leaders of the North Dakota Water Users Association, stated that "We fully support the amendments that have been developed to enable the 1986 Reformulation Act to be modified and implemented." The Garrison Diversion Conservancy District, the historic manager of North Dakota's major water project, indicated its support in a letter from its manager, Warren Jamison. The chairman of the State Water Coalition and executive director of North Dakota's Rural Electric Cooperatives, Dennis Hill, pledged support to finish our State's major water supply project. Meanwhile, the North Dakota Chapter of the Wildlife Society convened a special session of their executive board, which issued the statement supporting the legislation noted before.

"WHAT GOOD WATER'S WORTH"

Many of the participants in the discussions leading to the consensus in

support of this legislation say that their economic well-being and quality of life depend on passing the Dakota Water Resources Act of 1997. Perhaps I can illustrate this feeling with a picture and a quote.

It's as familiar as a picture of a kid taking a drink of clear, clean water from a hose in summer time.

It's as profound as Lord Byron speaking through "Don Juan": "Till taught by pain, men really know not what good water's worth." I can tell my colleagues that in North Dakota we know both the pain and the worth of good water.

This consciousness is what has brought such a wide array of North Dakota groups together behind the bill. Nearly everyone determined that solving this water problem was so important that we must rally behind a common approach. The supporters include Republicans and Democrats, and independents as well. The backers also number conservationists and water users, rural and urban communities, and tribal and State leaders who have joined together in the most impressive display of unity that I have seen this decade in North Dakota. Let me again say how much I appreciate the efforts of my North Dakota colleagues in the congressional delegation and in State government, as well as all of our staffs, for their invaluable contributions in achieving this unity.

So I urge my colleagues to consider favorably the Dakota Water Resources Act of 1997 as the consensus fulfillment of the Federal commitment to North Dakota and the acknowledged program for water development in our State.

Mr. President, I ask unanimous consent that letters of support be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NORTH DAKOTA CHAPTER,
THE WILDLIFE SOCIETY,
Bismark, ND, November 7, 1997.
[Memorandum]

To: The Garrison Negotiating Team.
From: The North Dakota Chapter of The Wildlife Society.
Subject: Statement Concerning The Proposed Garrison Legislation.

On November 6, 1997, the North Dakota Chapter of The Wildlife Society convened a special session of the Executive Board to discuss the proposed Garrison legislation and the Chapter's position on current legislative amendments. As a result of this meeting, the Chapter issued the attached statement of support.

Sincerely,

WILLIAM B. BICKNELL,
NDCTWS—Executive Board.

Attachment.

STATEMENT CONCERNING THE NOVEMBER 7TH, 1997 PROPOSED AMENDMENT TO GARRISON DIVERSION REFORMULATION ACT OF 1986

The North Dakota Chapter of The Wildlife Society supports the proposed amendments to Garrison Diversion Reformulation Act as described in the November 7, 1997 Discussion Draft. We strongly believe the cooperative effort with the Congressional Delegation and North Dakota's state political leaders has

strengthened the bill. Throughout this effort we have sought to develop legislation that benefits North Dakotans through water development and minimizes potential impacts to our state's natural resources.

Modification of the 1986 Reformulation Act will benefit substantially more North Dakotans by emphasizing municipal, rural, and industrial water needs of the State. The November 6, 1997 additions also place an equal emphasis on recognition of the enhancement of fish and wildlife habitat and other natural resources as a full project feature. We are pleased to see the designation of Lonetree as a wildlife conservation area. This change is consistent with the recognition of natural resource conservation as a project feature that benefits North Dakota and the State's economy.

We are also encouraged by the addition of funds and the increased opportunities for natural resource conservation in North Dakota presented by the evolution of the Wetlands Trust into the new Natural Resources Trust. We believe the establishment of an account within the Natural Resources Trust to operate and maintain wildlife development areas will benefit wildlife resources in the state. This will ensure the stated commitments of the project are met in the future.

The findings of the Environmental Impact Statement written by the Bureau of Reclamation will provide a framework for a project which minimizes impact to North Dakota's natural resources and provides for opportunities to meet the comprehensive water needs of eastern North Dakota. We will gladly be a full participant in this process to help ensure that the water needs of Fargo, Grand Forks, and neighboring communities are met in an environmentally sound cost effective manner.

Our involvement in this legislation has not ended. We look forward to working with all parties involved to develop the corresponding report language to capture all points of agreement. Full involvement by all interested parties has produced a final bill that North Dakotans can embrace. We welcome the opportunity to cooperatively work on this and other issues affecting North Dakota's natural resource heritage.

MANDAN, HIDATSA, & ARIKARA NATION—THREE AFFILIATED TRIBES,
FORT BERTHOLD INDIAN RESERVATION,

New Town, ND, November 7, 1997.

Re Final proposed amendments to the 1986 Garrison Reformulation Act, dated November 7, 1997.

Hon. BYRON DORGAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR DORGAN: On behalf of the Three Affiliated Tribes, I want to thank you for the opportunity to present our views regarding the drafts of proposed legislation amending the Garrison Reformulation Act of 1986 to you and your staff over the past two weeks. We are especially appreciative that the municipal, rural and industrial water needs of the Tribes are being provided for through the new funding authorization contained in the legislation, and that funds are included in the legislation for a new Four Bears bridge that will serve not only our communities but also all of northwest North Dakota.

It is our understanding that you plan to introduce the bill in the few remaining days of this session of Congress, in the form as submitted to us today, November 7, 1997, and we strongly support your effort to do so. The bill, while it does not address all of our concerns, as further explained below, is a great step forward in the process of ensuring that

the water needs of the Tribe and its members are met. In crafting this legislation, we especially applaud your efforts to bring everyone to the table to discuss their views concerning this proposed bill.

We also want to thank you for the efforts you and your staff have made to address the concerns mentioned below. We recognize that significant changes have been made to the Final Amendments to the Garrison Diversion Reformulation Act of 1986 that you will soon introduce, and we thank you for those changes, including the change that allows some flexibility with regard to irrigation projects.

We do, however, have several remaining concerns about the bill as proposed. We know that there is insufficient time to address these concerns before the bill is introduced, but we are hopeful that with further discussion, these concerns can be addressed either in language within the bill or in final Committee Report language as the bill is being considered by Congress.

First, we would prefer that language be included in the bill, or in a Committee Report, that would assure us that the reserved water rights of the Three Affiliated Tribes to water from the Missouri River and its tributaries that flow through the Fort Berthold Reservation, expressed by the U.S. Supreme Court in the *Winters* case early in this century, are preserved in this legislation. This statement should be similar to the purpose expressed in the legislation to "preserve any existing rights of the State of North Dakota to use water from the Missouri River." We understand that consideration is being given to include such language in any Committee Report on the bill.

Second, we would ask that language be included in the bill which allows the Tribe the opportunity to seek Federal funds for additional irrigation sites, other than those authorized. While we do not now have additional sites in mind, additional studies and advances in irrigation techniques over time may well yield further areas which are suitable for irrigation.

At the same time, we would like to see additional authorization for funds for our irrigation projects. As your staff has indicated to us, present law seems to provide that all of the present Indian irrigation funds are earmarked for the Standing Rock Sioux Tribe. We do not in any way wish to take away such funds from the Standing Rock Sioux Tribe, but we believe our irrigation funding needs for the approximately 15,000 acres authorized under the present legislation are being neglected in this process. We understand that other opportunities may be present at in future legislation for additional authorization of and appropriation of Federal funds for these projects.

Third, we would prefer that language be included, again either in a Committee Report or in the legislation, which would include the Tribe as a participant in the Natural Resources Trust, as it has been renamed in Section 11 of the bill. The Three Affiliated Tribes and the Standing Rock Sioux Tribe lost significant wetlands and other wildlife habitat with the construction of the Garrison and Oahe dams, and should have just as much an opportunity for mitigation of those lost acres with funds from the Natural Resources Trust as does the rest of North Dakota.

While we realize that the Equitable Compensation Fund created for the Standing Rock Sioux Tribe and Three Affiliated Tribes may also be used for the same purposes as those of the Natural Resources Trust, the main thrust of those funds are for education, economic development and social welfare, as stated in the Equitable Compensation Act. These funds, used for the

above purposes, barely begin to repair the economic and social losses to the members of the Three Affiliated Tribes caused by the destruction of their homelands along the Missouri River, and are unlikely to be used to purchase additional lands in compensation for loss of wetlands and other wildlife habitat.

Finally, we would hope that in Committee Report language or in the bill itself, language is included that will point out that the benefits being provided in this bill help implement the goals set forth in the Garrison Unit Joint Tribal Advisory Committee Report, dated May 23, 1986. The language should be similar to that already in the bill in the purposes regarding the Garrison Diversion Unit Commission Final Report, dated December 24, 1984. Such language simply recognizes what the bill actually does and we believe will assist in gaining political support for the bill both in Congress and otherwise. We do recognize that the JTAC Final Report is implicitly recognized by the mention of the Garrison Diversion Unit Commission Final Report in the bill.

As you know, we have provided suggested language to you and your staff regarding these concerns. As always, we look forward to working with you about moving the bill forward and addressing our concerns as summarized above.

Sincerely yours,

RUSSELL D. MASON, Sr.,
Chairman, Three Affiliated Tribes.

SPIRIT LAKE TRIBE,
Fort Totten, ND, November 7, 1997.

BYRON DORGAN,
Cannon House Office Building,
Washington, DC.

DEAR MR. DORGAN: The Spirit Lake Tribal Council has reviewed, and approves of the introduction of proposed Amendments to Garrison Diversion Reformation Act of 1986.

If you should need further assistance, please call my office at (701) 766-1226.

Sincerely,

MYRA PEARSON,
Chairperson.

FARGO CHAMBER OF COMMERCE,
Fargo, ND, November 7, 1997.
Senators KENT CONRAD and BYRON DORGAN,
Congressman EARL POMEROY,
Governor ED SCHAFER.

GENTLEMEN: This is written to provide you with information regarding our Chamber's legislative agenda, which includes the important issue of water development.

In recognition of the unique and varied water issues we face throughout North Dakota, the Fargo Chamber of Commerce became a member of the North Dakota Water Coalition. We support the Coalition's water development plan, which includes increasing the availability of quality water resources to support continued population and industrial growth across the state.

One of two primary goals of the North Dakota Water Coalition is to provide an adequate water supply across North Dakota through a workable and achievable Garrison Diversion Project. We believe that a completed water infrastructure in our state will benefit all North Dakotans. Thus, we endorse the proposal to amend the 1986 Reformulation Act to compete Garrison Diversion.

An adequate, reliable water supply is essential to sustaining communities and supporting economic development activities throughout our state. Thank you for your efforts on behalf of water development in North Dakota, including completion of the Garrison Diversion Project.

Sincerely,

DAVID K. MARTIN,
Public Affairs Manager.

CITY OF WILLISTON, NORTH DAKOTA,
Williston, ND, November 7, 1997.

Governor SCHAFER,
State Capitol,
Bismarck, ND.
Senator KENT CONRAD,
Hart Office Building,
Washington, DC.
Senator BYRON DORGAN,
Hart Office Building,
Washington, DC.
Representative EARL POMEROY,
Longworth Office Building,
Washington, DC.
Senator GARY NELSON,
Cassellton, ND.
Senator TIM MATHERN,
Fargo, ND.
Representative MERLE BOUCHER,
Rolette, ND.
Representative JOHN DORSO,
Fargo, ND

DEAR GENTLEMEN: It is with great pleasure that I communicate my support for your efforts in developing our water resources through the "Dakota Water Resources Act of 1997".

Historically, water has been a central part of the economy of the Williston trade region. We recognize water as North Dakota's greatest natural resource and the Missouri River as the greatest source of water in the state. Your efforts to develop this natural resource should be commended.

The "Dakota Water Resources Act of 1997" is a bold move to utilize Missouri River water throughout the entire state and its passage would be a great step towards the goal of developing a strong and balanced economy in North Dakota.

Your efforts to address the water needs of the entire state, and in turn that of the Williston trade area, make it very easy to send this letter of support for your efforts.

Thanks for your initiative and support to amend the 1986 Garrison Reformulation Act to address the major water concerns of the state of North Dakota.

Sincerely,

E. WARD KOESER,
Mayor.

CITY OF DICKINSON,
Dickinson, ND, November 7, 1997.

Governor EDWARD SCHAFER,
State Capitol,
Bismarck, ND.
Senator KENT CONRAD,
Hart Office Building,
Washington, DC.
Senator BYRON DORGAN,
Hart Office Building,
Washington, DC.
Representative EARL POMEROY,
Longworth Office Building,
Washington, DC.
Senator GARY NELSON,
Cassellton, ND.
Senator TIM MATHERN,
Fargo, ND.
Representative JOHN DORSO,
Fargo, ND.
Representative MERLE BOUCHER,
Rolette, ND.

DEAR GENTLEMEN: Nothing has improved the quality of life for citizens of Dickinson and southwest North Dakota more than the Southwest Pipeline Project.

This project would not be possible without Garrison Diversion, Rural and Industrial funding and grants through the State of North Dakota Resources Trust Fund.

On behalf of the citizens of Dickinson, we support the proposal to amend the 1986 Re-

formulation Act and complete the Garrison Diversion water facilities.

Sincerely,

FRED S. GENGLER,
Mayor, City of Dickinson.

SOURIS RIVER JOINT WATER RE-
SOURCE BOARD: RENVILLE COUNTY
WATER RESOURCE DISTRICT; WARD
COUNTY WATER RESOURCE DIS-
TRICT; MCHENRY COUNTY WATER
RESOURCE DISTRICT; BOTTINEAU
COUNTY WATER RESOURCE DIS-
TRICT,

November 7, 1997.

[Memorandum]

To: Governor Edward Schafer, Senator Kent Conrad, Senator Byron Dorgan, Rep. Earl Pomeroy, Senator Gary Nelson, Senator Tim Mathern, Representative John Dorso, and Representative Merle Boucher.

From: Glenn Wunderlich, Chairman.

On behalf of the Souris River Joint Board, we want you to know that we support the introduction of the Garrison Diversion Amendments as the "Dakota Water Resources Act of 1997."

The jointly and cooperatively developed proposal will meet the water needs of North Dakota and provide affordable, high quality water to a large portion of the state. The economic well-being and quality of life in North Dakota depends on this proposal.

We truly appreciate your efforts to achieve consensus on this legislation. We stand ready to provide support and assistance as needed.

THE WEST RIVER
JOINT WATER RESOURCE BOARD,
Bismarck, ND, November 7, 1997.

[Memorandum]

To: Governor Edward Schafer, Senator Kent Conrad, Senator Byron Dorgan, Rep. Earl Pomeroy, Senator Gary Nelson, Senator Tim Mathern, Representative John Dorso, and Representative Merle Boucher.

From: Alfred Underdahl, Chairman.

The West River Joint Board would like to express its full support for the proposal to amend the 1986 Reformulation Act and complete the Garrison Diversion water facilities.

The proposal you have jointly and cooperatively developed is critical to the future of the state of North Dakota and will help us meet our many statewide water needs.

We want you to know that we greatly appreciate your efforts to achieve consensus.

NORTH DAKOTA WATER RESOURCE
DISTRICTS ASSOCIATION,
Bismarck, ND, November 7, 1997.

Governor EDWARD SCHAFER,
State Capitol,
Bismarck, ND.
Senator KENT CONRAD,
Hart Office Building,
Washington, DC.
Senator BYRON DORGAN,
Hart Office Building,
Washington, DC.
Representative EARL POMEROY,
Longworth Office Building,
Washington, DC.
Senator GARY NELSON,
Cassellton, ND.
Senator TIM MATHERN,
Fargo, ND.
Representative JOHN DORSO,
Fargo, ND.
Representative MIKE BOUCHER,
Rolette, ND.

DEAR GENTLEMEN: The North Dakota Water Resource Districts Association strongly supports the proposal to amend the 1986

Reformulation Act and complete the Garrison Diversion water facilities.

The proposal you have jointly and cooperatively developed will finish a project that has languished far too long and is critical to the future well-being of our state.

Your efforts to achieve consensus are greatly appreciated. Feel free to call on us to provide necessary support and assistance.

Sincerely,

ARDEN HANER,
Chairman.

GARRISON DIVERSION
CONSERVANCY DISTRICT,
Carrington, ND, November 7, 1997.

Hon. KENT CONRAD,
U.S. Senator,
Hart Office Building,
Washington, DC.
Hon. EARL POMEROY,
U.S. Congressman,
Longworth Office Building,
Washington, DC.
Hon. BYRON DORGAN,
U.S. Senator,
Hart Office Building,
Washington, DC.
Hon. EDWARD T. SCHAFER,
Governor of North Dakota,
Bismarck, ND.

SENATOR CONRAD, DORGAN, CONGRESSMAN POMEROY, GOVERNOR SCHAFER: I have reviewed the Garrison Diversion Amendments and support their introduction as the "Dakota Water Resources Act of 1997." I believe, if enacted, this legislation will go far toward relieving the federal government from the onerous "trail of broken federal promises." While the promise of economic opportunity through federal irrigation has been decimated, this legislation will bring affordable, high quality water to a large portion of North Dakota. Indian and non-Indians will benefit from the water supplies provided by this legislation. In many cases, these amendments will restore spirits nearly broken by the drudgery of hauling poor quality water for many miles through severe weather conditions. Affordable access to a portion of North Dakota's rights to Missouri River water will be possible, and the 120 miles of canals and pumping stations that remain a scar on the belly of the prairie will finally be put to limited use.

The Amendments provide assurances that the Boundary Waters Treaty, with our Canadian friends, will not be violated. Environmental benefits for fish and wildlife resources are also included. The project is already referred to as a model for wildlife mitigation and enhancement. This legislation will further that reputation. Finally, thus legislation reduces the overall cost of the authorized project features while providing for returning on the existing investment.

I will submit this legislation to the Garrison Diversion Conservancy District's full board at their next meeting, with a strong recommendation that they adopt a resolution in support of its passage.

Sincerely,

WARREN L. JAMISON,
Manager.

GREATER NORTH DAKOTA ASSOCIATION,
Bismarck, ND, November 7, 1997.

Governor EDWARD SCHAFER,
Senator KENT CONRAD,
Senator BYRON DORGAN,
Representative EARL POMEROY,
Senator GARY NELSON,
Senator TIM MATHERN,
Representative JOHN DORSO,
Representative MERLE BOUCHER.

DEAR GENTLEMEN: We were informed that an agreement has been reached regarding the Garrison Diversion Project. On behalf of the

Greater North Dakota Association, we support the proposal to amend the 1986 Reformulation Act and complete the Garrison Diversion water facilities. We understand this amendment will be introduced as the "Dakota Water Resources Act of 1997."

Water—quality and quantity—is the most limiting and valuable resource throughout the state. We believe that passage of the proposal you have jointly and cooperatively developed will assist North Dakota in developing its water resources so that water can best facilitate the growth of the state's four part economy and best serve the needs of our citizens, business, agriculture, industry and tourism.

The members of GNDA express their appreciation for your enlightened leadership to achieve consensus on the Garrison Diversion Project! We pledge our support in working cooperatively toward completing the Garrison Diversion project for the benefit of all North Dakotans.

Sincerely,

DALE O. ANDERSON,
President.

By Mr. BENNETT:

S. 1518. A bill to require publicly traded corporations to make specific disclosures in their initial offering statements and quarterly reports regarding the ability of their computer systems to operate after January 1, 2000; to the Committee on Banking, Housing, and Urban Affairs.

THE COMPUTER REMEDIATION AND SHARE
HOLDER (CRASH) PROTECTION ACT OF 1997

Mr. BENNETT. Mr. President, there is a great adventure coming up. Everyone is looking forward to it and reservations are already being made. We are talking about the great New Year's Eve party on December 31, 1999, the New Year's Eve party of the millennium. Join with me in a moment of fantasy and speculation and consider yourself at that party.

You have made your reservations. You are in New York City so you can be part of the celebration in Times Square. This is going to be a wonderful event in your life.

You are wearing a name brand digital watch, one of the fancy ones that records not only the time and the day, but the year. So you have your watch on, and you look at it to follow the time until we get to the magic moment. You are looking at your watch, and it says 11:59, December 31, 1999. At the stroke of midnight, your watch clicks over to midnight and goes blank.

What has happened? We have already seen that. Someone has taken a watch and set it ahead to that date to see what would happen. At the moment it goes to the year 2000, a circuit freezes open, the watch display disappears, the power from the battery fries the chip and the watch becomes useless. So at the moment of midnight, as you look at your watch, your watch becomes useless.

I know the Presiding Officer would not do this, but for the sake of the illustration, let's say you celebrate a little more than maybe you should, and you decide it is appropriate that you take a taxi back to your hotel. You don't have enough money for a taxi. No

problem, there's an ATM machine and you have your ATM card with you. You put the ATM card in, push the buttons and wait for the money. Nothing happens, because the ATM machine is not geared to click over into the year 2000, and it won't give you any cash; it is frozen.

Somehow, Mr. President, with the help of maybe some of your friends, you get yourself to your hotel. The elevators won't work in the hotel because at midnight of the year 2000, the chip in the elevator said this elevator has not been inspected for 99 years, and it goes immediately to the bottom and stays there until an inspector shows up. So you are forced to stagger up the stairs to find your room. We hope you are using a key and not some other high technology to get into the room so that you can get a good night's sleep.

The next morning, you get up, go down and find the lobby filled with angry guests. None of them can check out because the hotel's computers that handle the checkout procedure are all frozen with the year 2000 problem. You stand there getting more and more angry until finally with manual check-out procedures, you get out of the hotel and say, "Can I get a car to the airport?"

"Unfortunately, Senator," says the manager of the hotel, "our cars won't start. They have computer chips in them that are geared to the year 2000, and we can only get you to the airport in old taxi cabs that are so old they have no computers, and today they are in great demand."

You show up at the airport finally, hours and hours late, sure you have missed your flight, only to discover that no flights have gone because the computer program that controls the flights and the reservations is all shut down because of the year 2000 problem that has not been fixed.

It is probably just as well that the flights are not flying, because the air traffic control system is managed by computers which have not been fixed for the year 2000 problem, and we would have no safety in the skies anyway. Whether you like it or not, Mr. President, you are stuck in New York for the foreseeable future.

When Monday comes, the 3d of January, and the opening of the stock market in the new millennium. The stock market can't open because all of the stock market procedures are run by computers, and inadequate precautions have been taken to get the stock market ready for the year 2000 circumstance and the computers have shut down everywhere.

You write a check only to discover that the automatic deposit that goes by computer into your checking account hasn't worked, because the bank in which you have your money is not year 2000 compliant and your check won't clear. The money is not in your account.

Every single circumstance that I have just described could easily happen

if nothing is done between now and the year 2000. Some of the circumstances that I have just described inevitably will happen no matter how much we work to try to get the problem solved between now and the year 2000. Our challenge, as a society, is to see that as few of those problems that I have described happen. It is impossible to guarantee that none of them will happen. The one that you can be absolutely sure of, Mr. President, is that, if you're wearing the wrong brand, your watch will fry on that date.

How big a problem is the year 2000 problem? We have held hearings in my subcommittee and asked this question, and we have come up with two numbers, both of them large.

The first is the number that it will cost to fix the problem. The estimate that we have before our committee and in our subcommittee record is roughly \$600 billion—\$600 billion. That is a little less than 10 percent of our gross domestic product, which is currently running at \$7 trillion. So 10 percent of that would be \$700 billion. If we are \$100 billion off, it is going to cost 10 percent of our gross domestic product to fix the problem—a very large number, a very large percentage.

The other number is even bigger. We have asked the question: How big is the potential liability that can come from lawsuits that people file in the year 2000? The answer we have is \$1 trillion.

So we are looking at a problem in the economy that could cost us as much as 10 percent of GDP to fix, and if it is not fixed properly, it could cost us as much as one-seventh of the economy in lawsuits to deal with the liability.

I don't know of a problem we have faced here on the floor that has that kind of certainty connected with it and that kind of urgency connected with it. We, in politics, always try to create a disaster so that the politicians then can pass a law to fix it and then take credit for having averted the disasters. Many times the disasters we were talking about weren't coming anyway. This one you can count on. It is coming; it is there; it is quantifiable; it is very real.

A lot of folks have said to me, "No, no, no, Senator, don't get excited, this is a simple problem and Bill Gates will fix it for us." The idea is Bill Gates, or some other smart computer jockey, will sit down, spend a weekend coming up with a solution, mail it out to everybody, and we will put it in our computers like a magic fix, press a few buttons and the whole problem will go away. That is not possible, because it is not that kind of a problem and if you don't believe me look at the Microsoft website, under frequently asked questions, FAQ. There will be no magic bullet.

Here is the problem, Mr. President. The computer code was written 20, 30, sometimes as recently as 10, 15 years ago. It was important for cost reasons to hold down the number of areas in a field. I am using the language the computer folks talk about, the bits and the

bytes, and so on. They will have a field, and if they have two digits, it is a whole lot cheaper to put the field in the code than if there are four, at least under the old languages in the old code. So, to save time, to save money, they put in a two-digit field instead of a four-digit field, assuming that no one needed to know the 19 of the year, they only needed to know the 61, 62, 71, 72, or whatever would come later.

Many of them assumed that these programs would long since be phased out by the year 2000, and if they gave any thought to the year 2000 problem at all, they were sure that their computer codes would not be in use at that time.

In fact, Mr. President, many of those codes are in use, and they are in use in the largest computer systems that we have in the country, in the mainframe systems that run most of American business.

Is it an easy problem to fix? Oh, yes, it is very simple; very simple. All you have to do is find that portion of the computer code where there is a two-digit field and change it to a four-digit field. That is not rocket science. What is not simple is finding where that field is in the first place.

The analogy that I heard that best describes it is this: Fixing a line of code is as simple as changing a rivet on the Golden Gate Bridge. The Golden Gate Bridge is held together by hundreds of thousands, if not millions, of rivets. You have the responsibility of finding every one and changing every one during rush hour, and if you miss one or two, the bridge will fall down. That is the enormity of the problem that we have here.

It is a simple, easy fix once you find it, but gargantuan in its size, because there are so many that must be found and, in many cases, with the older software, no one knows where the code is. Documentation was not an extended science at the time they were writing that code. No one knows where it is. You are on a search mission that can be tremendously frustrating. You can think you have everything, then you gear up the system and run it, only to discover there are still some rivets missing that you have not changed. There are still some fields of code that have not been expanded.

Mr. President, we have held four hearings in my subcommittee on this issue. The first one we had the banks and the financial institutions come in and testify as to the size of the problem from their point of view. It was very revealing.

They gave us this number which is what is driving my sense of urgency. They told us that if we do not have the year 2000 problem fixed by September of 1998 in the banking system, we are too late. September of 1998, that is less than a year away. Many people say, "Oh, 2000, this is 1997, we have 3 years to worry about it." No, Mr. President, we have less than 1 year to worry about it.

I asked the question, why must it be fixed by September of 1998? Back to my analogy about changing the rivets on the Golden Gate Bridge during rush hour. You have to test this system once you have replaced all of the fields with two digits with fields with four digits to make sure you got them all. The banking system can't test its computer programs while it is running all of its checks and deposits and transfer payments. So by September of 1998, when you supposedly have your system done, you have about 50 weekends left to test it. The experts who have looked at it said you have to have at least 50 in which to test it to keep changing the problems as they come along.

So I repeat, as far as the banking system is concerned, if people do not have their remedial program pretty well done by September of 1998, they are way behind the curve and, indeed, the witnesses who spoke to us said we are already in a circumstance where we are not talking about a total fix, we are talking about triage, the medical term that says when you bring in an accident victim or a gunshot victim, you do what is necessary to save the victim's life and then you worry about other things to restore him to health later on. Triage is the lifesaving activity; the return to health comes later on.

So we are talking about triage activity with respect to the year 2000 being in place by September of 1998. We are not talking about the total fix, because the total fix will have to take place for months and months after we pass the turn of the millennium.

Obviously, when we are talking numbers this big if the problem is not properly solved, it can have serious implications for the economy. Dr. Ed Yardeni testified in our last hearing. He is an investor analyst who has been looking at this problem, and his first reaction to it when he looked at it was, "My gosh, if this thing isn't settled, this could, in fact, cause a recession." He put the chances of that happening at 30 percent, a recession of worldwide proportions, Mr. President—30 percent. That is enough to get our attention.

Why does he say there is a 30-percent chance of a worldwide recession of the problem isn't fixed properly?

He makes this very powerful point, going back to our last truly major recession which came as a result of the interruption in oil supplies in the early 1970's. The world runs on oil. If we cannot get a regular and dependable supply of oil, we cannot run our world economies. Today, the world still runs on oil, but it runs on information. And if there is an interruption in the flow of information, it will have implications far beyond your inability to get a taxi in New York on New Year's Day.

If the information in the banking system and in the financial markets, information in insurance and loans is all interrupted in ways that cause things to fail, it could in fact trigger this trillion dollars worth of liability

that we are talking about and create a recession.

Many people said that to Dr. Yardeni, "You're an alarmist saying there is a 30 percent chance of recession. Study the problem more so you understand it better." He has done it and raised his prediction from 30 percent to 35 percent. At the time we had the hearing, he prepared himself for the hearings to that he would be very much up to date on everything that was going on.

When he came before our subcommittee he said the chance of a worldwide recession occurring as a result of the year 2000 problem is now at 40 percent. The chances are going up as time runs out and people fail to react. The more time we have, the lower the chance. The less time we have, with a slow reaction time, the greater the chance.

Mr. President, we have learned in the hearings in my committee that this is a pervasive business problem, not just limited to the financial markets. Businesses rely on computer systems for nearly every aspect of their operations from operating medical equipment that administers chemotherapy, to calculating interest on loans, to launching and tracking satellites.

Failure in one computer system could not only devastate it, but we are so interconnected that it could have a ripple effect on other computer systems. So this brings us back to the fact that businesses are going to have to expend huge sums of money in order to deal with the risks connected with this. Some of the companies have already stepped forward and disclosed what they are going to do.

American Airlines puts the cost at \$100 million to solve their year 2000 problem. GTE plans to spend \$150 million. And outside of the business arena—my State of Utah has set aside \$40 million to deal with their problems. The USAA group said they will spend as much as \$75 million.

What about the companies in which you own stock, Mr. President? If you say you do not own any, then what about the companies that your pension funds own stocks? How much do they plan to spend in remediation or in contingency planning? If you check their disclosure statements, you probably will not find the answer, because more and more companies are saying, "We don't want to disclose how big a year 2000 problem we have because we don't want to tip off your competitors, we don't want to hurt the stock price, to in effect say to our investors that we've got this huge cost coming, while our competitors are not disclosing it."

And some of the regulators have said to us, "If a stockholder wants to know how big the problem is, he or she should call the company and ask." That is totally unacceptable, Mr. President. It is unfair and unrealistic to expect an individual shareholder in any company or a depositor at any financial institution to make the inquiries on his own and have any hope of getting a meaningful answer.

What we need is disclosure that is mandated by the regulators that everybody responds to. The burden must be upon the institution to disclose its readiness in this circumstance.

That is why, Mr. President, I am rising today to introduce the CRASH Protection Act of 1997. We love acronyms in Government. CRASH stands for "Computer Remediation And Share Holder" protection.

I hope that it will make our transition into next millennium much smoother than it would currently be. My legislation will require the Securities and Exchange Commission to amend its disclosure requirements in five specific ways.

First, it will require disclosure of a moving peg pinpointing any publicly traded corporation's progress with regard to the remediation of the five recognized phases of the year 2000 preparation. Awareness, these five are awareness, assessment, renovation, validation, and implementation. So there will be a disclosure of how a company is doing in those five areas.

Second, my bill will require a summary of the costs incurred by the company in connection with any remediation effort. Both sums already expended and those that can reasonably be expected to be expended in the future. That is a cost that every shareholder deserves to know.

Third, it will require the disclosure of likely costs associated with the defense of lawsuits against the company or its directors and officers due to any liabilities incurred as a result of year 2000 problems.

Fourth, it will require an estimate and a detailed discussion of existing insurance coverage for the defense of lawsuits or the specific occurrence of any year 2000 failure, large or small, and finally it will mandate the disclosure of all contingency plans for computer system failure.

Mr. President, the SEC has commented on this issue. And I would like to read their appropriate paragraph. They say:

It is not, and will not, be possible for any single entity or collective enterprise to represent that it has achieved complete Year 2000 compliance and thus to guarantee its remediation efforts.

Again, Mr. President, it will not be possible for anyone to do that. Back to the statement:

The problem is simply too complex for such a claim to have legitimacy. Efforts to solve Year 2000 problems are best described as "risk mitigation". Success in the effort will have been achieved if the number and seriousness of any technical failures is minimized, and they are quickly identified and repaired if they do occur.

Mr. President, that statement more than any other reflects my concern that we must move forward to make sure that the year 2000 problem is taken seriously by publicly traded companies, their officers and their legal representatives.

It will be my goal to move this bill as quickly as possible after the first of the

year because again may I stress, Mr. President, it is not midnight, December 31, 1999, that is our deadline, it is September, 1998, in which the plans must be in place or they will not have the opportunity to be tested and get us out of the circumstance.

Finally, Mr. President, let me stress that year 2000 problems are not limited to the private-sector businesses. Studies have shown that our Government is well behind the curve in its remediation efforts.

As one of my staffers says that his grandmother, Maria Schwibinger, always told him "sweep your own stoop first." Government ought to focus on its own year 2000 problems as well as require that others do that.

The GAO has given many branches of Government unsatisfactory ratings in their management of the year 2000 problems. I have asked the GAO to report on the progress of the financial institution regulatory agencies. And they are doing that.

So far I have only one of their reports, and it is not reassuring. They have completed their review of the National Credit Union Administration and expressed a myriad of concerns about its preparedness for the date change.

Last Monday, I received NCUA's response to the GAO. And this response troubled me for several reasons.

No. 1, it made no effort to refute the GAO assertion that "For some credit unions, year 2000 problems could even result in their failures." We are not talking about expense here, we are talking about survival. And they do not refute that.

No. 2, it implicitly agreed with the GAO's assertion that NCUA does not have qualified staff to conduct examinations in complex systems areas. They had better get going in getting that qualified staff as quickly as they possibly can.

And, No. 3, its response plan for compliance on the part of the Nation's credit unions is all prospective in nature. They had no report of anything that they had done in the past.

Now, lest anybody think I am beating up on the credit unions, let me make it clear that this is the only report I have. It is entirely possible that the GAO's review of bank, insurance, and securities regulators, would be equally as devastating. So others need not take comfort in the fact that I am talking about credit unions and not about them. Their time may very well be coming.

So, Mr. President, I submit this bill and ask it be appropriately referred. I close with this final comment. I am doing everything I can. Chairman D'AMATO, as chairman of the full committee, is cooperating fully and leading the charge at the full committee level and doing everything he can to see to it that our Nation's financial institutions are prepared and ready for the year 2000 problem.

The Banking Committee and my subcommittee have no jurisdiction over

the other areas of Government where this problem is real. We have no jurisdiction over the Defense Department, over the IRS, over the air traffic control system or any of the other myriad of agencies that have their own year 2000 challenges.

I am currently putting together a letter to the President in which I am calling upon him to appoint, through the use of his Executive power, some coordinating figure within the entire executive branch whose sole responsibility between now and that great New Year's Eve party will be to monitor, hector, prod, push, and otherwise produce results in every area of the executive branch.

I hope that if the Government will get involved in this at that kind of level, if the regulators in the financial areas will respond to the kind of prodding that is coming as a result of my bill, as shareholders react to the information that is made available to them if my bill passes, demand remediation efforts on the part of the companies that they own, that we will be able to look back on my opening comment on what the Presiding Officer could expect on New Year's Eve and say, instead of the disaster that Senator BENNETT outlined back in November 1997, we had some minor inconveniences.

Nothing could make me happier in this area than to see that my prediction will not come true, to have Dr. Yardeni, and other thoughtful people examining this issue, begin to move down their level of concern so that instead of a 40-percent chance of a worldwide recession, they are talking about a 35- or 30- or a 25- or a 20-percent chance or finally saying, well, by virtue of the reaction that was created, the chance of a worldwide recession is now down to practically nothing.

I would be very, very happy to be proven wrong by the reaction that is created as a result of the legislation that we will introduce today and the hearings that we have held. But I stress again in closing, Mr. President, this is the disaster that we can see. It is like the oil crisis in its size, but it can be prepared for and it can be mitigated against if we only will muster the will to recognize what we are facing and do the things we have to do. I am hoping that my legislation and the hearings held in my subcommittee will move us in that direction.

ADDITIONAL COSPONSORS

S. 497

At the request of Mr. COVERDELL, the name of the Senator from Colorado [Mr. ALLARD] was added as a cosponsor of S. 497, a bill to amend the National Labor Relations Act and the Railway Labor Act to repeal the provisions of the Acts that require employees to pay union dues or fees as a condition of employment.

S. 950

At the request of Mr. MCCONNELL, the name of the Senator from Montana