

tion 485h of this title provision, if the other contracting party so requests, for renewal thereof under stated terms and conditions mutually agreeable to the parties. Such terms and conditions shall provide for an increase or decrease in the charges set forth in the contract to reflect, among other things, increases or decreases in construction, operation, and maintenance costs and improvement or deterioration in the party's repayment capacity. Any right of renewal shall be exercised within such reasonable time prior to the expiration of the contract as the parties shall have agreed upon and set forth therein;

(2) include in any long-term contract hereafter entered into under subsection (e) of section 485h of this title with a contracting organization provision, if the organization so requests, for conversion of said contract, under stated terms and conditions mutually agreeable to the parties, to a contract under subsection (d) of section 485h of this title at such time as, account being taken of the amount credited to return by the organization as hereinafter provided, the remaining amount of construction cost which is properly assignable for ultimate return by it can probably be repaid to the United States within the term of a contract under subsection (d) of section 485h of this title;

(3) credit each year to every party which has entered into or which shall enter into a long-term contract pursuant to subsection (e) of section 485h of this title so much of the amount paid by said party on or before the due date as is in excess of the share of the operation and maintenance costs of the project which the Secretary finds is properly chargeable to that party. Credit for payments heretofore made under any such contract shall be established by the Secretary as soon after July 2, 1956 as it is feasible for him to do so. After the sum of such credits is equal to the amount which would have been for repayment by the party if a repayment contract under subsection (d) of section 485h of this title had been entered into, which amount shall be established by the Secretary upon completion of the project concerned or as far in advance thereof as is feasible, no construction component shall be included in any charges made for the furnishing of water to the contracting party and any charges theretofore fixed by contract or otherwise shall be reduced accordingly;

(4) provide that the other party to any contract entered into pursuant to subsection (d) of section 485h of this title or to any long-term contract entered into pursuant to subsection (e) of section 485h of this title shall, during the term of the contract and of any renewal thereof and subject to fulfillment of all obligations thereunder, have a first right (to which right the rights of the holders of any other type of irrigation water contract shall be subordinate) to a stated share or quantity of the project's available water supply for beneficial use on the irrigable lands within the boundaries of, or owned by, the party and a permanent right to such share or quantity upon completion of payment of the amount assigned for ultimate

return by the party subject to payment of an appropriate share of such costs, if any, as may thereafter be incurred by the United States in its operation and maintenance of the project works; and¹

(5) Provide² for payment of rates under any contract entered into pursuant to said subsection (e) in advance of delivery of water on an annual, semiannual, bimonthly, or monthly basis as specified in the contract.³

(6) include a reasonable construction component in the rates set out in any long-term contract hereafter entered into under subsection (e) of section 485h of this title prior to amortization of that part of the cost of constructing the project which is assigned to be repaid by the contracting party.

(July 2, 1956, ch. 492, §1, 70 Stat. 483; Pub. L. 96-375, §8, Oct. 3, 1980, 94 Stat. 1507.)

Editorial Notes

CODIFICATION

Section was not enacted as part of the Reclamation Project Act of 1939 which comprises this subchapter.

AMENDMENTS

1980—Cl. (5). Pub. L. 96-375 authorized payments on a bimonthly and monthly basis.

§ 485h-2. Amendments to existing contracts

The Secretary is authorized to negotiate amendments to existing contracts entered into pursuant to subsection (e) of section 485h of this title to conform said contracts to the provisions of sections 485h-1 to 485h-5 of this title.

(July 2, 1956, ch. 492, §2, 70 Stat. 484.)

Editorial Notes

CODIFICATION

Section was not enacted as part of the Reclamation Project Act of 1939 which comprises this subchapter.

§ 485h-3. "Long-term contract" defined

As used in sections 485h-1 to 485h-5 of this title, the term "long-term contract" shall mean any contract the term of which is more than ten years.

(July 2, 1956, ch. 492, §3, 70 Stat. 484.)

Editorial Notes

CODIFICATION

Section was not enacted as part of the Reclamation Project Act of 1939 which comprises this subchapter.

§ 485h-4. Application of State laws

Nothing in sections 485h-1 to 485h-5 of this title shall be construed as affecting or intended to affect or to in any way interfere with the laws of any State relating to the control, appropriation, use, or distribution of water used in irrigation, or any vested right acquired thereunder, and the Secretary in carrying out the provisions of such sections, shall proceed in con-

¹ So in original. The word "and" probably should not appear.

² So in original. Probably should not be capitalized.

³ So in original. The period probably should be "; and".