

76TH CONGRESS
1ST SESSION

H. R. 6773

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 1939

Mr. WHITE of Idaho introduced the following bill; which was referred to the
Committee on Irrigation and Reclamation

A BILL

To provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That for the purpose of providing for United States rec-
4 lamation projects a feasible and comprehensive plan for
5 variable payments of construction charges which can be met
6 regularly and fully from year to year during periods of
7 decline in agricultural income and unsatisfactory conditions
8 of agriculture as well as during periods of prosperity and
9 good prices for agricultural products, and which will pro-

1 tect adequately the financial interest of the United States
2 in said projects, obligations to pay construction charges
3 may be revised or undertaken pursuant to the provisions
4 of this Act.

5 SEC. 2. As used in this Act—

6 (a) The term "Federal reclamation laws" shall mean
7 the Act of June 17, 1902 (32 Stat. 388), and all Acts
8 amendatory thereof or supplementary thereto.

9 (b) The term "Secretary" shall mean the Secretary
10 of the Interior.

11 (c) The term "project" shall mean any reclamation or
12 irrigation project, including incidental features thereof, au-
13 thorized by the Federal reclamation laws, or constructed by
14 the United States pursuant to said laws, or in connection
15 with which there is a repayment contract executed by the
16 United States, pursuant to said laws, or any project con-
17 structed or operated and maintained by the Secretary
18 through the Bureau of Reclamation for the reclamation of
19 arid lands or other purposes.

20 (d) The term "construction charges" shall mean the
21 amounts of principal obligations payable to the United States
22 under water-right applications, repayment contracts, orders
23 of the Secretary, or other forms of obligation entered into
24 pursuant to the Federal reclamation laws, excepting amounts
25 payable for water rental or power charges, operation and

1 maintenance and other yearly service charges, and excepting
2 also any other operation and maintenance, interest, or other
3 charges which are not covered into the principal sums of
4 the construction accounts of the Bureau of Reclamation.

5 (e) The term "repayment contract" shall mean any
6 contract providing for payment of construction charges to the
7 United States.

8 (f) The term "project contract unit" shall mean a
9 project or any substantial area of a project which is covered
10 or is proposed to be covered by a repayment contract. On
11 any project where two or more repayment contracts in part
12 cover the same area and in part different areas, the area
13 covered by each such repayment contract shall be a separate
14 project contract unit. On any project where there are either
15 two or more repayment contracts on a single project contract
16 unit or two or more project contract units, the repayment
17 contracts or project contract units may be merged by agree-
18 ments in form satisfactory to the Secretary.

19 (g) The term "organization" shall mean any con-
20 servancy district, irrigation district, water users' associa-
21 tion, or other organization, which is organized under State
22 law and which has capacity to enter into contracts with
23 the United States pursuant to the Federal reclamation laws.

24 (h) The term "annual returns" shall mean the amount
25 of the annual gross crop returns per acre of the area in

1 cultivation within the project contract unit involved; and
 2 the term "normal returns" for any year shall mean the
 3 weighted average of the annual returns of those ten years,
 4 of the thirteen-year period covering said year and the
 5 twelve years preceding it, in which the annual returns are
 6 the highest.

7 (i) The term "division of a project" shall mean any
 8 part of a project designated as a division by order of the
 9 Secretary or any phase or feature of project operations
 10 given a separate designation as a division by order of the
 11 Secretary for the purposes of orderly and efficient admin-
 12 istration.

13 (j) The term "development unit" shall mean a part
 14 of a project which, for purposes of orderly engineering
 15 or reclamation development, is designated as a develop-
 16 ment unit by order of the Secretary.

17 (k) The term "irrigation block" shall mean an area
 18 of arid or semiarid lands in a project in which, in the judg-
 19 ment of the Secretary, the irrigable lands should be re-
 20 claimed and put under irrigation at substantially the same
 21 time, and which is designated as an irrigation block by
 22 order of the Secretary.

23 SEC. 3. In connection with any repayment contract
 24 or other form of obligation, existing on the date of this
 25 Act, to pay construction charges, providing for repayment

1 on the basis of a definite period of less than forty years, the
 2 Secretary is hereby authorized, upon request by the water
 3 users involved or their duly authorized representatives for
 4 amendment under this section of said contract or other form
 5 of obligation, and if in the Secretary's judgment such amend-
 6 ment is both practicable and in keeping with the general
 7 purpose of this Act, to amend said contract or other form of
 8 obligation so as to provide that the construction charges
 9 remaining unaccrued on the date of the amendment, or any
 10 later date agreed upon, shall be spread in definite annual
 11 installments on the basis of a longer definite period fixed
 12 in each case conclusively by the Secretary: *Provided, That*
 13 for any construction charges said longer period shall not ex-
 14 ceed forty years, exclusive of 1931 and subsequent years
 15 to the extent of moratoria or deferments of construction
 16 charges due and payable for such years effected pursuant
 17 to Acts of Congress, from the date when the first install-
 18 ment of said construction charges became due and payable
 19 under the original obligation to pay said construction charges
 20 and in no event shall the unexpired part of said longer period
 21 exceed double the number of remaining years, as of the
 22 date of the amendment made pursuant to this Act, in which
 23 installments of said construction charges would become due
 24 and payable under said existing repayment contract or other
 25 form of obligation to pay construction charges.

1 SEC. 4. (a) In connection with any existing project on
 2 which construction charges are payable to the United States,
 3 the Secretary is hereby authorized to negotiate and enter into
 4 a contract or an amendatory contract, in a form satisfactory
 5 to him, with an organization, satisfactory in form and powers
 6 to him, representing the water users of the project contract
 7 unit involved, which contract shall provide for the payment
 8 of construction charges on said project contract unit in the
 9 manner hereinafter provided in this section. The negotia-
 10 tion and execution of such a contract shall be undertaken
 11 only upon request by duly authorized representatives of the
 12 water users involved for such a contract and upon a deter-
 13 mination by the Secretary that, in his judgment, such a
 14 contract is both practicable and in keeping with the general
 15 purpose of this Act.

16 (b) All of the construction charges for the project con-
 17 tract unit remaining unaccrued on the date of the contract
 18 entered into pursuant to this section or on any later date
 19 agreed upon shall be merged in a total and general repay-
 20 ment obligation of the organization. Said repayment obli-
 21 gation of said organization shall be scheduled in such annual
 22 installments as, in the conclusive judgment of the Secretary,
 23 constitute an equitable, practicable, and definite consolidated
 24 schedule of the existing obligations in said project contract
 25 unit to pay construction charges: *Provided*, That said sched-

1 ule of installments shall be so arranged that in the judgment
 2 of the Secretary it does not involve for any of said con-
 3 struction charges merged into said general obligation an
 4 extension of the time permitted under the existing obliga-
 5 tions for payment of said charges excepting the adjustment
 6 of the repayment period permitted for certain charges by
 7 the last sentence of this subsection. For the purpose of
 8 scheduling said installments of said general obligation in
 9 accordance with this subsection, in connection with each
 10 project contract unit under an existing contract made pur-
 11 suant to section 4 of the Act of December 5, 1924 (43
 12 Stat. 672, 701), the Secretary shall fix, conclusively, a
 13 weighted average gross crop return per acre, of which 5
 14 per centum shall be the measure for determining the schedule
 15 of the unaccrued construction charges in a definite number
 16 of annual installments. In the event the said existing ob-
 17 ligations to pay construction charges in said project contract
 18 unit or units are based in part on section 4 of the Act of
 19 December 5, 1924 (43 Stat. 672, 701), and in part on other
 20 Acts of the Federal reclamation laws, said charges may be
 21 consolidated into two general repayment contract obligations
 22 of said organization, each of which shall be scheduled in such
 23 installments as, in the conclusive judgment of the Secretary,
 24 constitute an equitable, practicable, and definite consolidated
 25 schedule of all of the respective parts of said existing obli-

gations to pay construction charges. Any of said unaccrued construction charges, which under said existing obligations are payable on the basis of a definite period of less than forty years, first may be adjusted by the Secretary, if in his judgment such adjustment is both practicable and in keeping with the general purpose of this Act, to a repayment basis of a longer definite period fixed in each case conclusively by him: *Provided further*, That for any such construction charges said longer period shall not exceed the limitations contained in the proviso of section 3 of this Act.

(c) For each project contract unit where a repayment contract is entered into pursuant to this section, a census of annual returns shall be taken each year. The normal returns each year, for each such project contract unit, shall be determined conclusively by the Secretary: *Provided*, That in any year, if the Secretary deems it necessary, an estimate of the annual returns of that year, in lieu of a final determination thereof, shall be considered with the annual returns of the preceding twelve years: *Provided further*, That in the event records of annual returns of the lands involved are not available for twelve preceding years, the Secretary, until such records for twelve preceding years have been established, in his discretion may consider established annual returns of other and similar lands in other and similar project contract units for the purpose of deter-

mining each year the normal returns. The estimates and final determinations of annual returns and the determinations of normal returns provided for in this Act shall be made by the Secretary with such assistance from the water users and organization involved as he requests, and said estimates and determinations made by him shall be conclusive.

(d) For each project contract unit where a repayment contract is entered into pursuant to this section, each year the percent of the normal returns for said year by which the annual returns of said year exceed or are less than said normal returns shall be determined conclusively by the Secretary. For each unit or major fraction of a unit of said percentage of said increase or decrease there shall be an increase or decrease, respectively, of 2 per centum in the amount or amounts of the installment or installments for said year under the organization's obligation or obligations as determined under subsections (b) and (e) of this section. Said latter amount or amounts as thus increased or decreased shall be the payment or payments of construction charges due and payable for said year, except that in no event shall the amount of the said payment or payments due and payable for any year be less than 15 per centum of the amount or amounts of the installment or installments for said year under the organization's obligation or obligations as determined under subsections (b) and (e) of this section.

(e) In each contract entered into pursuant to this section, there shall be such provisions as the Secretary deems equitable, necessary, and proper to provide that any part of the amount of any installment of an organization's obligation, as determined under subsection (b) of this section, which, in the year for which said installment is designated under said subsection (b), does not, by reason of the operation of subsection (d) of this section, become due and payable as construction charges for said year, shall be added to an installment or installments of subsequent years for which installments are designated under said subsection (b) or shall be established as an installment or installments or parts thereof of years subsequent to the last year for which an installment is designated under said subsection (b), or both; and there shall be similar provisions respecting any such part of the amount of any installment modified or established under this subsection: *Provided*, That under this subsection no installment may be revised to or established in an amount exceeding the amount of the largest installment as determined under said subsection (b), and there shall be included in the contract such provisions as the Secretary deems proper for offsetting the increases and decreases in annual installments which result from the operation of said subsection (d).

(f) In any contract entered into pursuant to the authority of this section, it shall be provided that from and after the date of the last installment of the organization's repayment contract obligation or obligations as determined under subsection (b) of this section, a charge of 3 per centum per annum shall be payable by the organization on any balance or balances of said organization's obligation or obligations which have not become due and payable by reason of the operation of subsection (d) of this section, until the same have become due and payable as construction charges under said subsection (d), and said charge of 3 per centum shall be payable by the organization to the United States on the same dates as, and in addition to, the annual payments otherwise required under this section.

(g) There may be included in any contract entered into pursuant to the authority of this section provisions requiring the organization to vary its distribution of construction charges in a manner that takes into account the productivity of the various classes of lands and the benefits accruing to the lands by reason of the irrigation thereof: *Provided*, That no distribution of construction charges over the lands included in the organization shall in any manner be deemed to relieve the organization, or any party or any land therein, of the organization's general obligation to repay

1 to the United States in full the total amount of the organi-
 2 zation's repayment contract obligation or obligations as
 3 determined under subsection (b) of this section.

4 SEC. 5. The Secretary in his discretion may require, in
 5 connection with any contract entered into pursuant to the
 6 authority of this Act, that the contract provide (1) that
 7 the payments for each year to be made to the United States
 8 shall become due and payable on such date or dates, not
 9 exceeding two, in each year as the Secretary determines
 10 will be substantially contemporaneous with the time or times
 11 in each year when water users receive crop returns; and (2)
 12 if the contract be with an organization, that assessments or
 13 levies for the purpose of obtaining moneys sufficient to meet
 14 the organization's payments under said contract shall be
 15 made and shall become due and payable within a certain
 16 period or periods of time prior to the date or dates on which
 17 the organization's payments to the United States are due
 18 and payable, said period or periods of time to be agreed
 19 upon in each said contract.

20 The Secretary may provide such deferments of construc-
 21 tion charges as in his conclusive judgment are necessary to
 22 prevent said requirements from resulting in inequitable
 23 pyramiding of payments of said charges.

24 SEC. 6. In connection with any contract, relating to
 25 construction charges, entered into pursuant to the authority

1 of this Act, the Secretary is hereby authorized to require
 2 such provisions as he deems proper to secure the adoption
 3 of proper accounting, to protect the condition of project
 4 works and to provide for the proper use thereof, and to pro-
 5 tect project lands against deterioration due to improper use
 6 of water. Any such contract shall require advance payment
 7 of adequate operation and maintenance charges. The Sec-
 8 retary is further authorized, in his discretion, to require such
 9 provisions as he deems proper to penalize delinquencies in
 10 payments of construction charges or operation and mainte-
 11 nance charges: *Provided*, That in any event there shall be
 12 penalties imposed on account of delinquencies of not less than
 13 one-half of 1 per centum per month of the delinquent charge
 14 from and after the date when such charge becomes due and
 15 payable: *Provided further*, That any such contract shall re-
 16 quire that no water shall be delivered to lands or parties
 17 which are in arrears in the advance payment of operation
 18 and maintenance or toll charges, or to lands or parties which
 19 are in arrears for more than twelve months in the payment
 20 of construction charges due from such lands or parties to the
 21 United States or to the organization in which the lands or
 22 parties are included, or to any lands or parties included in an
 23 organization which is in arrears in the advance payment of
 24 operation and maintenance or toll charges or in arrears more

1 than twelve months in the payment of construction charges
2 due from such organization to the United States.

3 SEC. 7. (a) The Secretary is hereby authorized and di-
4 rected to investigate the repayment problems of any exist-
5 ing project contract unit in connection with which, in his
6 judgment, a contract under section 3 or 4 of this Act would
7 be impracticable, and to negotiate a contract which, in his
8 judgment, both would provide fair and equitable treatment
9 of the repayment problems involved and would be in keep-
10 ing with the general purpose of this Act.

11 (b) For any project, division of a project, development
12 unit of a project, or supplemental works on a project, now
13 under construction or for which appropriations have been
14 made, and in connection with which a repayment contract
15 has not been executed, allocations of costs may be made in
16 accordance with the provisions of section 9 of this Act and
17 a repayment contract may be negotiated, in the discretion
18 of the Secretary, (1) pursuant to the authority of subsec-
19 tion (a) of this section or (2) in accordance, as near as
20 may be, with the provisions in subsection 9 (d) or 9 (e)
21 of this Act. In connection with any such project, division,
22 or development unit, on which the majority of the lands
23 involved are public lands of the United States, the Secre-
24 tary, prior to entering into a repayment contract, may fix
25 a development period for each irrigation block, if any, of

1 not to exceed ten years from and including the first year in
2 which water is delivered for the lands in said block: *Pro-*
3 *vided*, That in the event a development period is fixed prior
4 to execution of a repayment contract, execution thereof shall
5 be a condition precedent to delivery of water after the close
6 of the development period. During any such development
7 period water shall be delivered to the lands in the irrigation
8 block involved only on a toll-charge basis, at a charge per
9 annum per acre-foot to be fixed conclusively by the Secre-
10 tary each year and to be collected in advance of delivery of
11 water. Pending negotiation and execution of a repayment
12 contract for any other such project, division, or development
13 unit, water may be delivered for a period of not more than
14 five years from the date of this Act on the same toll-charge
15 basis. Any such toll charges collected and which the Secre-
16 tary determines to be in excess of the cost of operation and
17 maintenance during the toll-charge period shall be credited
18 to the construction cost of the project in the manner con-
19 clusively determined by the Secretary.

20 (c) The Secretary from time to time shall report to the
21 Congress on any proposed contracts negotiated pursuant to
22 the authority of subsection (a) or (b) (1) of this section,
23 and he may execute any such contract on behalf of the
24 United States only after approval thereof has been given by
25 Act of Congress.

1 SEC. 8. (a) The Secretary is hereby authorized and
 2 directed in the manner hereinafter provided to classify or to
 3 reclassify as to irrigability and productivity those lands which
 4 have been, are, or may be included within any project exist-
 5 ing at the date of this Act.

6 (b) No classification or reclassification pursuant to the
 7 authority of this Act shall be undertaken unless within one
 8 year from the date of this Act a request therefor, by an or-
 9 ganization or duly authorized representatives of the water
 10 users, in the form required by subsection (c) of this section
 11 has been made of the Secretary. The Secretary shall plan
 12 the classification work, undertaken pursuant to the authority
 13 of this section, in such manner as in his judgment will result
 14 in the most expeditious completion of the work.

15 (c) In any request made to the Secretary for a land
 16 classification or reclassification under this section, the or-
 17 ganization or representatives of the water users shall furnish
 18 a list of those lands which are considered to be of compara-
 19 tively low productivity or to be nonproductive, and of those
 20 lands which are considered to be of greater or lesser pro-
 21 ductivity than indicated by existing classifications, if any,
 22 made pursuant to the Federal reclamation laws, and shall
 23 furnish also such data relating thereto as the Secretary by
 24 regulation may require.

1 (d) Upon receipt of any such request the Secretary
 2 shall make a preliminary determination whether the re-
 3 quested land classification or reclassification probably is
 4 justified by reason of the conditions of the lands involved
 5 and other pertinent conditions of the project, including its
 6 contractual relations with the United States, and his deter-
 7 mination as to probable justification shall be conclusive.

8 (e) If the Secretary finds probable justification and if
 9 the advance to the United States hereinafter required is
 10 made, he shall undertake as soon as practicable the classifi-
 11 cation or reclassification of the lands listed in the request,
 12 and of any other lands which have been, are, or may be
 13 included within the project involved and which in his
 14 judgment should be classified or reclassified.

15 (f) As soon as practicable after completion of the
 16 classification work undertaken pursuant to this section, or
 17 from time to time, the Secretary shall report to Congress
 18 on the classifications and reclassifications made and shall
 19 include in his report, as to each project involved, his recom-
 20 mendations, if any, for remedial legislation.

21 (g) One-half of the expense involved in any classifica-
 22 tion work undertaken pursuant to this section shall be
 23 charged to operation and maintenance administration non-
 24 reimbursable; and one-half shall be paid in advance by the

1 organization involved. On determining probable justifica-
 2 tion for the requested classification or reclassification as pro-
 3 vided in this section, the Secretary shall estimate the cost
 4 of the work involved and shall submit a statement of the
 5 estimated cost to said organization. Said organization, be-
 6 fore commencement of the work, shall advance to the United
 7 States one-half of the amount set forth in said statement and
 8 also shall advance one-half of the amount of supplementary
 9 estimates of costs which the Secretary may find it necessary
 10 to make from time to time during the progress of the work;
 11 and said amounts shall be and remain available for expendi-
 12 ture by the Secretary for the purposes for which they are
 13 advanced, until the work is completed or abandoned. After
 14 completion or abandonment of the work, the Secretary,
 15 whose determination shall be conclusive, shall determine the
 16 actual costs thereof; and said organization shall pay any ad-
 17 ditional amount required to make its total payments here-
 18 under equal to one-half of the actual cost or shall be credited
 19 with any amount by which advances made by it exceed
 20 one-half of said actual cost, as the case may be.

21 (h) If in the judgment of the Secretary a classification
 22 or reclassification pursuant to the provisions of this section
 23 is a necessary preliminary to entering into a contract under
 24 section 3 or 4 of this Act, he may require the same as a
 25 condition precedent to entering into such a contract.

1 (i) No modification of any existing obligation to pay
 2 construction charges on any project shall be made by reason
 3 of any classification or reclassification undertaken pursuant
 4 to this section without express authority therefor granted by
 5 Congress upon recommendations of the Secretary made in
 6 a report under subsection (f) of this section.

7 SEC. 9. (a) No expenditures for the construction of
 8 any new project, new division of a project, or new supple-
 9 mental works on a project shall be made, nor shall estimates
 10 be submitted therefor, by the Secretary until after he has
 11 made an investigation thereof and has submitted to the Pres-
 12 ident and to the Congress his report and findings on—

13 (1) the engineering feasibility of the proposed
 14 construction;

15 (2) the estimated cost of the proposed construc-
 16 tion;

17 (3) the part of the estimated cost which can prop-
 18 erly be allocated to irrigation and probably be repaid by
 19 the water users;

20 (4) the part of the estimated cost which can prop-
 21 erly be allocated to power and probably be returned to
 22 the United States in net power revenues;

23 (5) the part of the estimated cost which can prop-
 24 erly be allocated to municipal water supply or other

1 miscellaneous purposes and probably be returned to the
2 United States.

3 If the proposed construction is found by the Secretary to
4 have engineering feasibility and if the repayable and re-
5 turnable allocations to irrigation, power, and municipal
6 water supply or other miscellaneous purposes found by the
7 Secretary to be proper, together with any allocation to flood
8 control or navigation made under subsection (b) of this
9 section, equal the total estimated cost of construction as
10 determined by the Secretary, then the new project, new
11 division of a project, or supplemental works on a project,
12 covered by his findings, shall be deemed authorized and
13 may be undertaken by the Secretary. If all such alloca-
14 tions do not equal said total estimated cost, then said new
15 project, new division, or new supplemental works may be
16 undertaken by the Secretary only after provision therefor
17 has been made by Act of Congress enacted after the Secre-
18 tary has submitted to the President and the Congress the
19 report and findings involved.

20 (b) In connection with any new project, new division
21 of a project, or supplemental works on a project there may
22 be allocated to flood control or navigation the part of said
23 total estimated cost which the Secretary may find to be
24 proper. In connection with the making of such an alloca-
25 tion, the Secretary shall consult with the Chief of Engineers

1 and the Secretary of War, and may perform any of the
2 necessary investigations or studies under a cooperative
3 agreement with the Secretary of War. In the event of such
4 an allocation the Secretary of the Interior shall operate the
5 project for purposes of flood control or navigation, to the
6 extent justified by said allocation therefor.

7 (c) The Secretary is authorized to enter into contracts
8 to furnish water for municipal water supply or miscellaneous
9 purposes: *Provided*, That any such contract either (1) shall
10 require repayment to the United States, over a period of
11 not to exceed forty years from the year in which water is
12 first delivered for the use of the contracting party, with
13 interest not exceeding the rate of $3\frac{1}{2}$ per centum per annum
14 if the Secretary determines an interest charge to be proper,
15 of an appropriate share as determined by the Secretary of
16 that part of the construction costs allocated by him to
17 municipal water supply or other miscellaneous purposes; or
18 (2) shall be for such periods, not to exceed forty years, and
19 at such rates as in the Secretary's conclusive judgment will
20 produce revenues at least sufficient to cover an appropriate
21 share of the annual operation and maintenance cost and an
22 appropriate share of such fixed charges as the Secretary
23 deems proper, and shall require the payment of said rates
24 each year in advance of delivery of water for said year. Any
25 sale of electric power or lease of power privileges, made by

1 the Secretary in connection with the operation of any project
 2 or division of a project, shall be for such periods, not to
 3 exceed forty years, and at such rates as in his conclusive
 4 judgment will produce power revenues at least sufficient to
 5 cover an appropriate share of the annual operation and main-
 6 tenance cost, interest on an appropriate share of the con-
 7 struction investment at not less than $3\frac{1}{2}$ per centum per
 8 annum, and such other fixed charges as the Secretary deems
 9 proper: *Provided further*, That in said sales or leases prefer-
 10 ence shall be given to municipalities and other public cor-
 11 porations or agencies and to cooperatives. Nothing in this
 12 subsection shall be applicable to provisions in existing con-
 13 tracts, made pursuant to law, for the use of power and mis-
 14 cellaneous revenues of a project for the benefit of users of
 15 water from such project. No contract relating to municipal
 16 water supply or miscellaneous purposes or to electric power
 17 or power privileges shall be made unless, in the judgment
 18 of the Secretary, it will not impair the efficiency of the project
 19 for irrigation purposes.

20 (d) No water may be delivered for irrigation of lands
 21 in connection with any new project, new division of a project,
 22 or supplemental works on a project until an organization,
 23 satisfactory in form and powers to the Secretary, has entered
 24 into a repayment contract with the United States, in a form
 25 satisfactory to the Secretary, providing among other things—

1 (1) That the Secretary may fix a development
 2 period for each irrigation block, if any, of not to exceed
 3 ten years from and including the first calendar year in
 4 which water is delivered for the lands in said block;
 5 and that during the development period water shall be
 6 delivered to the lands in the irrigation block involved
 7 at a charge per annum per acre-foot, or other charge,
 8 to be fixed conclusively by the Secretary each year and
 9 to be paid in advance of delivery of water: *Provided*,
 10 That where the lands included in an irrigation block
 11 are for the most part lands owned by the United States,
 12 the Secretary, prior to execution of a repayment con-
 13 tract, may fix a development period, but in such case
 14 execution of such a contract shall be a condition prece-
 15 dent to delivery of water after the close of the develop-
 16 ment period. After the close of the development period,
 17 any such charges collected and which the Secretary
 18 determines to be in excess of the cost of the operation
 19 and maintenance during the development period shall
 20 be credited to the construction cost of the project in the
 21 manner determined conclusively by the Secretary.

22 (2) That the part of the construction costs allo-
 23 cated by the Secretary to irrigation shall be included in
 24 a general repayment obligation of the organization; and
 25 that the organization may vary its distribution of con-

1 construction charges in a manner that takes into account
 2 the productivity of the various classes of lands and the
 3 benefits accruing to the lands by reason of the construc-
 4 tion: *Provided*, That no distribution of construction
 5 charges over the lands included in the organization shall
 6 in any manner be deemed to relieve the organization or
 7 any land therein of the organization's general obligation
 8 to the United States.

9 (3) That the general repayment obligation of the
 10 organization shall be spread in annual installments, of
 11 the number and amounts fixed by the Secretary, over a
 12 period not exceeding forty years, exclusive of any de-
 13 velopment period fixed under subsection (d) (1) of
 14 this section, for any project contract unit, or for any
 15 irrigation block, if the project contract unit be divided
 16 into two or more irrigation blocks.

17 (4) That the first annual installment for any proj-
 18 ect contract unit, or for any irrigation block, as the
 19 case may be, shall accrue, on the date fixed by the
 20 Secretary, in the year after the last year of the de-
 21 velopment period or, if there be no development period,
 22 in the calendar year after the Secretary announces
 23 that the construction contemplated in the repayment
 24 contract is substantially completed or is advanced to a
 25 point where delivery of water can be made to substan-

1 tially all of the lands in said unit or block to be irri-
 2 gated; and if there be no development period fixed, that
 3 prior to and including the year in which the Secretary
 4 makes said announcement water shall be delivered only
 5 on the toll charge basis hereinbefore provided for devel-
 6 opment periods.

7 (5) Either (A) that each year the installment of
 8 the organization's repayment obligation scheduled for
 9 such year shall be the construction charges due and
 10 payable by the organization for such year; or (B) that
 11 each year the installment for such year of the organiza-
 12 tion's repayment obligation shall be increased or de-
 13 creased on the basis of the normal and percentages plan
 14 provided in section 4 of this Act for modification of
 15 existing obligations to pay construction charges, and
 16 the amount of the annual installment of the organiza-
 17 tion's obligation, as thus increased or decreased, shall
 18 be the construction charges due and payable for such
 19 year. Under "(B)" of this subsection the provisions
 20 of section 4 of this Act shall be applicable, as near as
 21 may be, to the repayment contract made in connec-
 22 tion with the new project, new division of a project or
 23 supplemental works on a project; and the organization
 24 shall make payments on the basis therein provided until

1 its general repayment obligation has become due and
2 payable to the United States in full.

3 (e) In lieu of entering into a repayment contract
4 pursuant to the provisions of subsection (d) of this sec-
5 tion to cover that part of the cost of the construction of
6 works connected with water supply and allocated to irri-
7 gation, the Secretary, in his discretion, may enter into
8 either short- or long-term contracts to furnish water for
9 irrigation purposes. Each such contract shall be for
10 such period, not to exceed forty years, and at such rates
11 as in the Secretary's conclusive judgment will produce
12 revenues at least sufficient to cover an appropriate share
13 of the annual operation and maintenance cost and an
14 appropriate share of such fixed charges as the Secretary
15 deems proper, due consideration being given to that
16 part of the cost of construction of works connected with
17 water supply and allocated to irrigation; and shall re-
18 quire payment of said rates each year in advance of
19 delivery of water for said year. In the event such con-
20 tracts are made for furnishing water for irrigation pur-
21 poses, the costs of any irrigation water distribution works
22 constructed by the United States in connection with the
23 new project, new division of a project, or supplemental
24 works on a project, shall be covered by a repayment
25 contract entered into pursuant to said subsection (d).

1 SEC. 10. The Secretary, in his discretion, may (a) per-
2 mit the removal, from lands or interests in lands withdrawn
3 or acquired and being administered under the Federal recla-
4 mation laws in connection with the construction or operation
5 and maintenance of any project, of sand, gravel, and other
6 minerals and building materials with or without competitive
7 bidding: *Provided*, That removals may be permitted without
8 charge if for use by a public agency in the construction of
9 public roads or streets within any project or in its immediate
10 vicinity; and (b) grant leases, licenses, easements, or rights-
11 of-way, for periods not to exceed fifty years, affecting lands
12 or interests in lands withdrawn or acquired and being ad-
13 ministered under the Federal reclamation laws in connection
14 with the construction or operation and maintenance of any
15 project. Such permits or grants shall be made only when,
16 in the judgment of the Secretary, their exercise will not be
17 incompatible with the purposes for which the lands or inter-
18 ests in lands are being administered, and shall be on such
19 terms and conditions as in his judgment will adequately pro-
20 tect the interests of the United States and the project for
21 which said lands or interests in lands are being administered.

22 SEC. 11. The Secretary in his discretion, in any instances
23 where property to be sold under the Act of February 2,
24 1911 (36 Stat. 805), or the Act of May 20, 1920 (41 Stat.
25 605), is appraised at not to exceed \$300, may sell said

1 property at public or private sale without complying with
2 the provisions of said Acts as to notice, publication, and mode
3 of sale.

4 SEC. 12. When appropriations have been made for the
5 commencement or continuation of construction or operation
6 and maintenance of any project, the Secretary may, in con-
7 nection with such construction or operation and mainte-
8 nance, enter into contracts for miscellaneous services, for
9 materials and supplies, as well as for construction, which
10 may cover such periods of time as the Secretary may con-
11 sider necessary but in which the liability of the United States
12 shall be contingent upon appropriations being made therefor.

13 SEC. 13. The purchase of supplies and equipment or
14 the procurement of services for the Bureau of Reclamation
15 at the seat of government and elsewhere may be made in
16 the open market without compliance with section 3709 or
17 section 3744 of the Revised Statutes of the United States,
18 in the manner common among businessmen, when the aggre-
19 gate payment for the purchase or the services does not exceed
20 \$300 in any instance.

21 SEC. 14. The Secretary is hereby authorized, in con-
22 nection with the construction or operation and maintenance
23 of any project, (a) to purchase or condemn suitable lands
24 or interests in lands for relocation of highways, roadways,
25 railroads, telegraph, telephone, or electric transmission lines,

1 or any other properties whatsoever, the relocation of which
2 in the judgment of the Secretary is necessitated by said
3 construction or operation and maintenance, and to perform
4 any or all work involved in said relocations on said lands or
5 interests in lands, other lands or interests in lands owned
6 and held by the United States in connection with the con-
7 struction or operation and maintenance of said project, or
8 properties not owned by the United States; (b) to enter
9 into contracts with the owners of said properties whereby
10 they undertake to acquire any or all property needed for
11 said relocation, or to perform any or all work involved in
12 said relocations; and (c) for the purpose of effecting com-
13 pletely said relocations, to convey or exchange Government
14 properties acquired or improved under (a) above, with
15 or without improvements, or other properties owned and
16 held by the United States in connection with the construc-
17 tion or operation and maintenance of said project, or to
18 grant perpetual easements therein or thereover. Grants or
19 conveyances hereunder shall be by instruments executed
20 by the Secretary without regard to provisions of law gov-
21 erning the patenting of public lands.

22 The Secretary is further authorized, for the purpose of
23 orderly and economical construction or operation and main-
24 tenance of any project, to enter into such contracts for
25 exchange or replacement of water, water rights, or electric

1 energy or for the adjustment of water rights, as in his
2 judgment are necessary and in the interests of the United
3 States and the project.

4 SEC. 15. The Secretary is hereby authorized to per-
5 form any and all acts and to make such rules and regulations
6 as may be necessary and proper for the purpose of carry-
7 ing the provisions of this Act into full force and effect.

8 SEC. 16. The provisions of previous Acts of Congress
9 not inconsistent with the provisions of this Act shall remain
10 in full force and effect.

11 SEC. 17. (a) The authority granted in sections 3 and
12 4 of this Act for modification of existing repayment con-
13 tracts or other forms of obligations to pay construction
14 charges shall continue for five years from the date of this
15 enactment in order to provide opportunity for negotiating
16 and consummating said modifications and opportunity for
17 enactment by the legislature of any State in which a project
18 contract unit is located of any legislation which may be
19 necessary to empower water users and organizations to
20 execute and carry out the provisions of contracts entered into
21 pursuant to the authority of this Act.

22 (b) The authority of the Secretary under the Act en-
23 titled "An Act to authorize further relief to water users on
24 United States and on Indian reclamation projects", approved
25 May 31, 1939 (Public, Numbered 97, Seventy-sixth Con-

1 gress, first session), is hereby extended in connection with
2 the construction charges due and payable, under any exist-
3 ing obligation to pay construction charges, for each of the
4 years 1939 to 1943, inclusive, to the extent such charges
5 are not covered by modification of said obligation under
6 section 3 or 4 of this Act.

7 SEC. 18. Nothing in this Act shall be construed to
8 amend the Boulder Canyon Project Act (45 Stat. 1057),
9 as amended.

10 SEC. 19. This Act may be cited as the "Reclamation
11 Project Act of 1939."

A BILL

To provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes.

By Mr. WHITE of Idaho

JUNE 9, 1939

Referred to the Committee on Irrigation and Reclamation