

**Statement of Tom Iseman,
Deputy Assistant Secretary for Water and Science
U.S. Department of the Interior
Before the
Committee on Natural Resources
Subcommittee on Water and Power
U.S. House of Representatives
HR 4562
To Authorize Early Repayment Within the Northport Irrigation District
June 10, 2014**

Chairman McClintock and members of the Subcommittee, I am Tom Iseman, Deputy Assistant Secretary for Water and Science at the Department of the Interior (Department). Thank you for the opportunity to provide the views of the Department on HR 4562, legislation to authorize the early repayment of obligations within the Northport Irrigation District within the State of Nebraska. The Department supports this bill.

HR 4562 would authorize landowners served by the Northport Irrigation District to prepay the remaining portion of construction costs allocated to them for the North Platte Project. Completed repayment will relieve the landowners within the District from the full cost pricing, compliance and land use certification obligations associated with the Reclamation Reform Act of 1982 (RRA). Subsection 213(c) of the RRA specifies that no authority is provided for lump sum or accelerated repayment of construction costs, except for repayment contracts that provide for lump sum or accelerated repayment that were in effect as of the enactment of RRA. Therefore, Reclamation and the Congress have interpreted current law to require water contractors to obtain additional statutory authority to make accelerated repayments of construction costs allocated to irrigation, except for those contracts already in effect as of the RRA's enactment, or for contracts otherwise exempt from the provisions of the RRA.

Northport is the only remaining district in the North Platte Project that is subject to RRA acreage limitations. All other districts with the Project have repaid their construction obligations in full to Reclamation, which relieved those districts from the full-cost pricing, compliance and land use certification obligations associated with the RRA.

As long as proposals such as this do not reduce revenues or negatively impact the United States, Reclamation typically supports legislation authorizing the pre-payment of repayment contracts, and has done so previously before this subcommittee¹. Specific statutory authorization for early or accelerated repayment is not required in all cases involving construction costs that are allocated to irrigation, but would be in the case of Northport.

In general, early repayment authority in contracts is limited to landowners. In other words, a district cannot pay out early; rather, each landowner can decide if his or her land should be paid out early. It is Reclamation policy to require landowners who want to pay out early to pay out all

¹ HR 818 testimony May 12, 2011; HR 5666 testimony July 27, 2006; HR 4195 testimony November 9, 2005

of their land in the subject district and not just a portion of their land. This policy would continue to be applied for Northport and the North Platte Project if HR 4562 were to be enacted. Early payout would accelerate the repayment of these project costs to the United States Treasury. Where these repayment obligations are not accompanied by interest, early repayment has a net positive impact on overall repayment to the Treasury and we are highly confident that this will be the case under this bill.

This concludes my written statement and I would be pleased to answer questions at the appropriate time.