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NEWLANDS PROJECT HEADQUARTERS AND MAINTENANCE YARD FACILITY TRANSFER ACT

DECEMBER 8, 2005.—Ordered to be printed

Filed under authority of the order of the Senate of November 18, 2005

Mr. DOMENICI, from the Committee on Energy and Natural Resources, submitted the following

R E P O R T

[To accompany S. 310]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 310) to direct the Secretary of the Interior to convey the Newlands Project Headquarters and Maintenance Yard Facility to the Truckee-Carson Irrigation District in the State of Nevada, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF MEASURE

The purpose of S. 310 is to direct the Secretary of the Interior to convey the Newlands Project Headquarters and Maintenance Yard Facility to the Truckee-Carson Irrigation District in the State of Nevada.

BACKGROUND AND NEED

The Newlands Project, one of the first Bureau of Reclamation (Bureau or Reclamation) projects in the West, provides water for approximately 73,000 irrigated acres near Fallon, Nevada. The Truckee-Carson Irrigation District (TCID) operates and maintains the project, which is considered a "paid out project" under Reclamation law.

TCID currently leases 40 acres of land from the Bureau for office headquarters, as well as for an operation and maintenance yard. TCID seeks title to 35.6 acres of this land in order to make permanent improvements. The transfer will allow TCID to obtain the nec-

essary financing for such improvements, which includes the construction of a new office building. The remaining 4.4 acres of land will be retained by the Bureau for its Fallon office.

TCID is the only irrigation district in the Newlands Project and has operated and maintained the Project since 1926. In 1975, TCID relocated approximately four miles away to its current site, now proposed for transfer. This move allowed all of the District's central operations to be located on a single tract and is close to the irrigation works. The land at issue was not considered to be suitable for irrigation or crop production and was therefore never homesteaded or patented.

In 1996, TCID fully repaid the Project construction costs. The completed repayment included TCID's original headquarters and maintenance yard, now known as the Fallon Freight Yard. Notwithstanding TCID's repayment, title to the Fallon Freight Yard was never transferred from the United States to TCID. Since 1996, the Bureau has leased the Fallon Freight Yard to the city of Fallon. The lease payments, which, as of October 30, 2005, total approximately $91,308, are held in a fund in the Treasury for the Newlands Project. The pending sale of the Fallon Freight Yard to the City of Fallon (pursuant to P.L. 107–339) will add another $115,000 to the account.

LEGISLATIVE HISTORY

S. 310 was introduced by Senators Ensign and Reid on February 8, 2005, and referred to the Committee on Energy and Natural Resources. The Water and Power Subcommittee held a hearing on S. 310 on April 19, 2005 (S. Hrg. 109–96). At the business meeting on November 16, 2005, the Committee on Energy and Natural Resources ordered S. 310 favorably reported without amendment.

During the 108th Congress, Representative Gibbons introduced a similar measure, H.R. 2831, in the House of Representatives. H.R. 2831 passed the House on July 19, 2004, but was not considered in the Senate.

COMMITTEE RECOMMENDATION

The Senate Committee on Energy and Natural Resources, in an open business session on November 16, 2005, by unanimous voice vote of a quorum present, recommends that the Senate pass S. 310.

SECTION-BY-SECTION ANALYSIS

Section 1 sets forth the short title.

Section 2 defines the terms used in the Act.

Section 3(a) directs the Secretary of the Interior to convey the Newlands Project Headquarters and Maintenance Yard Facility located in Fallon, Nevada to the TCID as soon as practicable and in accordance with an Agreement between TCID and Reclamation and any applicable laws.

Subsection (b) provides that amounts received by the United States for the lease or sale of Newlands Project land comprising the Fallon Freight Yard shall be treated as consideration for the real property conveyed. Utilizing the Fallon Freight Yard proceeds as consideration for the conveyance required by this legislation is ap-

propriate under its unique circumstances, and is not in any way precedent-setting.

As explained in the Background and Need section, TCID completed its repayment obligation to the Federal Government for the Newlands Project, including its original office headquarters and operation and maintenance yard now known as the Fallon Freight Yard. Applying the anticipated $206,308 from the Newlands Project Treasury fund for the lease or sale of the Fallon Freight Yard is appropriate and will keep the Federal Government whole. This amount compares favorably to the value of the property to be transferred pursuant to this Act. In August 2005, the U.S. Fish and Wildlife Service sold a 48.14 acre parcel of farm land, minus the water rights, to Churchill County for $164,000. That land is located about one-half mile east of the parcel TCID is requesting to be transferred. At approximately $3,400 per acre, the property to be conveyed here is less than the amount being credited

Subsection (c) directs the Secretary of the Interior to submit a report to Congress if the conveyance has not been completed within one year after the date of enactment of this Act.

Subsection (d) provides that the transfer cannot occur until compliance with the National Environmental Policy Act of 1969 has been achieved and any necessary environmental site assessment, remediation, or removal has been completed.

Subsection (e) holds the United States harmless from any damages arising from TCID actions, or those of its employees or contractors, with respect to the property at issue.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

DECEMBER 8, 2005.

Hon. PETE V. DOMENICI,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 310, the Newlands Project Headquarters and Maintenance Yard Facility Transfer Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Rachel Milberg.

Sincerely,

DOUGLAS HOLTZ-EAKIN.
Director.

Enclosure.

S. 310—Newlands Project Headquarters and Maintenance Yard Facility Transfer Act

S. 310 would convey all rights, title, and interest of the United States in approximately 37 acres of land to the Truckee-Carson Irrigation District in Nevada. Under the bill, the government would receive no financial payments as consideration for the conveyance; the Bureau of Reclamation (BOR) has no current appraisal of the land's fair market value.

CBO estimates that implementing S. 310 would have no significant impact on the federal budget. According to BOR, the federal

land to be conveyed currently generates no significant receipts and is not expected to do so over the next 10 years. Hence, we estimate that conveying that land would not affect offsetting receipts (a credit against direct spending). Enacting S. 310 would not affect revenues.

S. 310 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. Accepting the land conveyance authorized by this bill would be voluntary on the part of the Truckee-Carson Irrigation District. Any costs they might incur to comply with the conditions of the conveyance would be incurred voluntarily.

The CBO staff contact for this estimate is Rachel Milberg. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 310.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 310.

EXECUTIVE COMMUNICATIONS

The testimony provided by the Department of the Interior at the Subcommittee hearing on S. 310 follows:

STATEMENT OF WILLIAM RINNE, DEPUTY COMMISSIONER OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Madam Chairman, and members of the Committee, I am William Rinne, Deputy Commissioner of Reclamation. I am pleased to appear before this Subcommittee to provide the Administration's views on S. 310.

S. 310 would authorize the Secretary of the Interior to convey the Newlands Project Headquarters and maintenance yard facility to the Truckee-Carson Irrigation District. The facilities cover about 37 acres of Reclamation withdrawn property in Fallon, Nevada.

Mr. Chairman, over the past couple years, we have been working very closely with the District to resolve each of the issues on the title transfer of the headquarters property. In June 2003, Reclamation and the President of the District's Board of Director's signed an extensive Memorandum of Agreement governing the proposed title transfer. Reclamation actively supports transferring title to state and local entities when in the mutual interest of affected parties. Based on this coordination, the Administra-

tion supports the concept of transferring the title for the property to the Truckee-Carson Irrigation District.

However, we are concerned that S. 310 directs that the proceeds received by the United States for the lease and sale of Fallon Freight Yard, the transfer of which was authorized in P.L. 107–339, be treated as full payment for the 37 acres. Under this language, the District will not be required to pay anything for the property. Under Reclamation law and policy, the proceeds from the sale of acquired lands and lease revenues such as those from Fallon Freight yard are to be treated as a tail-end credit to the applicable project. In this case, the Newlands Project, not the District, our Contractor who operates and maintains the Project on behalf of the United States, should receive the credit. The lands associated with the headquarters property that is proposed to be transferred under S. 310 are withdrawn lands and thus the District has not repaid their value. If enacted as is, we are concerned the bill could set a precedent that would allow the District and other irrigation districts to make additional claims on lease or eventual sale revenues from Reclamation acquired lands.

In conclusion, I would like to take this opportunity to compliment District Board President Ernest Schank and the District's Board of Directors for their diligence and commitment in working with us on the issues surrounding this transfer. I also commend Senator Ensign for his leadership.

That concludes my statement. I would be happy to answer any questions.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill S. 310, as ordered reported.

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