

organization, which is organized under State law and which has capacity to enter into contracts with the United States pursuant to the Federal reclamation laws.

(July 4, 1955, ch. 271, § 2, 69 Stat. 245; Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 804.)

#### REFERENCES IN TEXT

Act of June 3, 1960, referred to in text, is Pub. L. 86-488, June 3, 1960, 74 Stat. 156, which is not classified to the Code.

#### AMENDMENTS

1972—Pub. L. 92-487 substituted provisions relating to financial assistance in the construction of local distribution and drainage systems, for provisions relating to financial assistance in the construction of local irrigation distribution systems, and inserted provisions relating to loans for a distribution and drainage system receiving water from the San Luis unit, Central Valley project, and provisions setting forth a specified time period for repayment of loans.

#### SALE OF BUREAU OF RECLAMATION LOANS

Pub. L. 100-203, title V, § 5301, Dec. 22, 1987, 101 Stat. 1330-268, provided that:

“(a) SALE.—The Secretary of the Interior (hereinafter in this section referred to as the ‘Secretary’), under such terms as the Secretary shall prescribe, shall sell or otherwise dispose of loans made pursuant to the Distribution System Loans Act (43 U.S.C. 421a-421d) [43 U.S.C. 421a to 421h], the Small Reclamation Projects Act [of 1956] (43 U.S.C. 422a-422l) [43 U.S.C. 422a et seq.], and the Rehabilitation and Betterment Act (43 U.S.C. 504-505) [43 U.S.C. 504 and note] in such amounts as to realize net proceeds to the Federal Government of not less than \$130,000,000 in the fiscal year ending September 30, 1988. In the conduct of such sales, the Secretary shall take such actions as he deems appropriate to accommodate, effectuate, and otherwise protect the rights and obligations of the United States and the borrowers under the contracts executed to provide for repayment of such loans.

“(b) SAVINGS PROVISIONS.—Nothing in this section, including the prepayment or other disposition of any loan or loans, shall—

“(1) except to the extent that prepayment may have been authorized heretofore, relieve the borrower from the application of the provisions of Federal Reclamation law (Act of June 17, 1902 [32 Stat. 388, see Short Title note under section 371 of this title], and Acts amendatory thereof or supplementary thereto, including the Reclamation Reform Act of 1982 [43 U.S.C. 390aa et seq.]), including acreage limitations, to the extent such provisions would apply absent such prepayment, or

“(2) authorize the transfer of title to any federally owned facilities funded by the loans specified in subsection (a) of this section without a specific Act of Congress.

“(c) FEES AND EXPENSES OF PROGRAM.—Proceeds from the conduct of the program authorized by this section shall be first used to pay the fees and expenses of such program and the net proceeds shall be deposited in the Treasury of the United States as miscellaneous receipts.

“(d) TERMINATION.—The authority granted by this section to sell or otherwise dispose of loans shall terminate on December 31, 1988.”

#### **§ 421c. Conditions of loan for distribution and drainage systems; reconveyance by Secretary of lands, interests in lands, and distribution works heretofore conveyed to the United States; conditions of reconveyance; rights of way**

The Secretary shall require, as conditions to any such loan, that the borrower contribute in

money or materials, labor, lands, or interests in land, computed at their reasonable value, a portion not in excess of 10 per centum, of the construction cost of the distribution and drainage system (including all costs of acquiring lands and interests in land), that the plans for the system be in accord with sound engineering practices and be such as will achieve the purposes for which the system was authorized, and that the borrower agree to account in full in regard to all disbursements of borrowed funds and to return at once for application toward amortization of the loan all funds which are not expended in the construction of the distribution and drainage system. Every organization contracting for repayment of a loan under sections 421a to 421h of this title shall operate and maintain its distribution and drainage works in conformity with reasonable contractual requirements determined to be appropriate for the protection of the United States. The Secretary is hereby authorized to reconvey to borrowers all lands or interests in lands and distribution works transferred to the United States under the provisions of sections 421a to 421h of this title: *Provided*, That any reconveyance shall be upon the condition that the repayment contract of the borrower be amended to include such provisions as the Secretary shall deem necessary or proper to provide assurance of and security for prompt repayment of the loan. The head of any department or agency of the Government within whose administrative jurisdiction are lands owned by the United States the use of which is reasonably necessary for the construction, operation, and maintenance of distribution and drainage works under sections 421a to 421h of this title may grant to a borrower or prospective borrower under sections 421a to 421h of this title revocable permission for the use thereof in like manner as under sections 79 and 524 of title 16, sections 323 to 328 of title 25, section 8124 of title 38, or sections 931a to 931d, 946 to 950, 956, and 959 of this title, or any other similar Act which is applicable to the lands involved: *Provided*, That no such permission shall be granted in the case of lands being administered for national park, national monument, or wildlife purposes.

(July 4, 1955, ch. 271, § 3, 69 Stat. 245; May 14, 1956, ch. 268, 70 Stat. 155; Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 804; Pub. L. 102-40, title IV, § 402(d)(2), May 7, 1991, 105 Stat. 239.)

#### CODIFICATION

“Section 8124 of title 38” substituted in text (see 1991 Amendment note below) for “section 5024 of title 38”, which previously had been substituted for “section 5014 of title 38” as the probable intent of Congress in view of the renumbering of section 5014 of title 38 as section 5024 by Pub. L. 96-22, title III, § 301(b)(1), June 13, 1979, 93 Stat. 61. Previously, “section 5014 of title 38” had been substituted for “section 11i of title 38” on authority of Pub. L. 85-857, § 5(a), Sept. 2, 1958, 72 Stat. 1281, the first section of which enacted Title 38, Veterans’ Benefits.

#### AMENDMENTS

1991—Pub. L. 102-40 substituted “section 8124 of title 38” for “section 5024 of title 38”. See Codification note above.

1972—Pub. L. 92-487 inserted provision subjecting drainage systems to the requirements of this section,

substituted provisions authorizing the Secretary to re-convey to borrowers all land or interests in land and distribution works transferred to the United States under the provisions of sections 421a to 421h of this title, with the proviso relating to the amendment of the repayment contract, for provisions requiring borrowers, prior to the consummation of any loan, to transfer to the United States any lands or interests in lands presently held or acquired in the future which the Secretary finds necessary for the construction, operation, or maintenance of distribution systems, with title to all such lands, etc., subject to retransfer to the borrower by the Secretary upon repayment of the loan, to remain in the United States, and struck out provisions which restricted applicability of provisions to provisions relating to Federal reclamation laws.

1956—Act May 14, 1956, provided that the Secretary, as conditions to loan, require borrower to account for disbursements of borrowed funds and return for application toward amortization of the loan all funds not expended in the construction of the distribution system, required, prior to the consummation of any loan, the transfer to the United States of titles to lands or interests in lands held by the borrower, and that titles to such lands, interests, and distribution works remain in United States until repayment, and provided for issuance of revocable permits for the use of lands owned by United States, in lieu of the formerly authorized actual conveyance to the districts of the rights-of-way.

#### § 421d. Effect on existing laws

Except as otherwise provided in sections 421a to 421h of this title, the provisions of the Federal reclamation laws, and Acts amendatory thereto, are continued in full force and effect.

(July 4, 1955, ch. 271, § 4, 69 Stat. 245; Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 805.)

#### AMENDMENTS

1972—Pub. L. 92-487 reenacted section without change.

#### § 421e. Municipal and industrial water supply delivery and distribution; allocation of loan funds; loan repayment contract requirements; rate of interest

Unless otherwise provided in the Act authorizing construction of the project, the delivery and distribution of municipal and industrial water supplies shall be deemed to be an authorized project purpose under sections 421a to 421h of this title, and where appropriate, an allocation of loan funds acceptable to the Secretary shall be made between irrigation and municipal and industrial purposes. Loan repayment contracts shall require that the borrower pay interest on that portion of the unamortized loan obligation (including interest during construction) allocated in each year to municipal and industrial purposes at the rate provided in the Act authorizing the project, or absent such an authorized rate, at a rate determined by the Secretary of the Treasury as of the beginning of the fiscal year in which the contract, or contract amendment entered into pursuant to section 421f of this title, is executed, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations which are neither due nor callable for redemption for fifteen years from date of issue, and by adjusting such average rate to the nearest one-eighth of 1 per centum.

(July 4, 1955, ch. 271, § 5, as added Pub. L. 92-487, Oct. 3, 1972, 86 Stat. 805.)

#### § 421f. Existing loan contracts; negotiation by Secretary of amendments

The Secretary is hereby authorized to negotiate amendments to existing water service and irrigation distribution system loan contracts to conform said contracts to the provisions of sections 421a to 421h of this title.

(July 4, 1955, ch. 271, § 6, as added Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 805.)

#### § 421g. Existing rights unaffected

Nothing in sections 421a to 421h of this title shall be construed to repeal or limit the procedural and substantive requirements of sections 372 and 383 of this title.

(July 4, 1955, ch. 271, § 7, as added Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 806.)

#### § 421h. Procedural and substantive requirements applicable to works financed by loans pursuant to sections 421a to 421h of this title

Works financed by loans made under sections 421a to 421h of this title shall be subject to all procedural and substantive requirements of the Fish and Wildlife Coordination Act [16 U.S.C. 661 et seq.], the Federal Water Pollution Control Act, as amended [33 U.S.C. 1251 et seq.], and the National Environmental Policy Act of 1969 [42 U.S.C. 4321 et seq.].

(July 4, 1955, ch. 271, § 8, as added Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 806.)

#### REFERENCES IN TEXT

The Fish and Wildlife Coordination Act, referred to in text, is act Mar. 10, 1934, ch. 55, 48 Stat. 401, as amended, which is classified generally to sections 661 to 666c of Title 16, Conservation. For complete classification of this Act to the Code, see Short Title note set under section 661 of Title 16 and Tables.

The Federal Water Pollution Control Act, as amended, referred to in text, is act June 30, 1948, ch. 758, as amended generally by Pub. L. 92-500, § 2, Oct. 18, 1972, 86 Stat. 816, which is classified generally to chapter 26 (§ 1251 et seq.) of Title 33, Navigation and Navigable Waters. For complete classification of this Act to the Code, see Short Title note set out under section 1251 of Title 33 and Tables.

The National Environmental Policy Act of 1969, referred to in text, is Pub. L. 91-190, Jan. 1, 1970, 83 Stat. 852, as amended, which is classified generally to chapter 55 (§ 4321 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 4321 of Title 42 and Tables.

#### § 422. Construction of dams across Yellowstone River

Where, in carrying out projects under the provisions of the national reclamation Act it shall be necessary to construct dams in or across the Yellowstone River in the State of Montana, the Secretary of the Interior is hereby authorized to construct and use and operate the same in the manner and for the purposes contemplated by said reclamation Act.

(Mar. 3, 1905, ch. 1476, 33 Stat. 1045.)

#### REFERENCES IN TEXT

The national reclamation Act, referred to in text, probably means act June 17, 1902, ch. 1093, 32 Stat. 388,