Mr. Speaker, I yield such time as she may consume to the gentlewoman from the District of Columbia [Ms. NORTON].

Ms. NORTON. Mr. Speaker, I thank the very kind gentleman from Virginia [Mr. SCOTT] for yielding to me. I want to thank the gentleman from Indiana [Mr. BURTON] and the gentleman from Virginia [Mr. DAVIS], as well as the gentleman from California [Mr. WAXMAN], the ranking member, for their work on the District of Columbia Inspector General Improvement Act, a bill that would allow the District's director of personnel to waive the residency requirement for employees in the office of the inspector general at the inspector general's request.

In April 1995, the Congress passed the District of Columbia financial responsibility and management assistance authority law, which expanded and strengthened the office of inspector general in the District of Columbia. Pursuant to the financial authority statute, Angela Avant was appointed inspector general in January 1996.

Because of the apparent delay in finding a suitable candidate, Ms. Avant was under considerable pressure from Congress and the financial authority to recruit staff. She received some criticism for not filling positions quickly enough, in part because the positions allocated to the inspector general are ''excepted service'' positions and thus were subject to the requirement of District residency. The inspector general found that the residency requirement made it difficult to recruit several highly specialized personnel to staff her office. To alleviate these concerns, Mayor Barry transmitted legislation to the council on March 28, 1996, which contained a provision that waived the residency requirement under very limited circumstances.

When it appeared that it would take some time for the Council Committee on Government Operations to consider the bill, I called council member Harold Brazil, then chairman of the committee, who said that he had no objection to the waiver going forward in the Congress. The residency requirement for the inspector general then became part of H.R. 3664, the District of Columbia Improvement and Efficiency Act of 1996, and on the assurance that this noncontroversial waiver was likely to be enacted, the inspector general hired several staff members who reside outside of the District of Columbia on a temporary basis.

H.R. 3664 was never brought to the floor because another provision of the bill violated the pay-go rule. To overcome that problem, the gentleman from Virginia [Mr. DAVIS] submitted the residency language to the House District of Columbia Committee on Appropriations for inclusion in the 1997 omnibus appropriations bill, but in the rush to finalize the language of the omnibus bill in the final days of the 104th Congress, this provision apparently was omitted.

Mr. Speaker, it is urgent that the Congress pass this bill to allow the Office of Inspector General to keep on staff personnel that have already been hired. Under the Merit Personnel Act, the temporary waiver of residency expires for employees who are ''excepted service'' after 6 months. Several of the employees hired by the inspector general will be in violation of this rule as early as March 24, if this legislation is not enacted.

Maintaining the inspector general's staff is a high priority for the Congress and the financial authority because of the urgent need to uncover instances of waste, fraud, and abuse in the D.C. government. By passing this bill, the House sends a message that it wants to encourage fast action on these important priorities.

I emphasize that this bill involves no violation of home rule because all branches of government, the Mayor, and the city council apparently agree that it should be passed expeditiously without going through the council, which would not be prepared to take it up as quickly as we have been.

I ask the House to pass this piece of unfinished business from the 104th Congress, the District of Columbia Inspector General Improvement Act, H.R. 514.

Mr. DAVIS of Virginia. Mr. Speaker, I yield myself such time as I may consume.

Let me thank the gentlewoman from the District of Columbia [Ms. NORTON] for her comments and help in bringing this to the floor as well as the gentleman from California [Mr. WAXMAN] and the gentleman from Virginia [Mr. SCOTT] the gentleman from Virginia for his remarks.

As the gentlewoman from the District of Columbia [Ms. NORTON] has noted, the Mayor and the council support this legislation, as does the control board.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SCOTT. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CAMP). The question is on the motion offered by the gentleman from Virginia [Mr. DAVIS] that the House suspend the rules and pass the bill H.R. 514, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: ''A bill to permit the waiver of District of Columbia residency requirements for certain employees of the Office of the Inspector General of the District of Columbia.''.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DAVIS of Virginia. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 514.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

OROVILLE-TONASKET CLAIM SETTLEMENT AND CONVEYANCE ACT

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 94 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 97

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 412) to approve a settlement agreement between the Bureau of Reclamation and the Oroville-Tonasket Irrigation District. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Resources. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Resources now printed in the bill. Each section of the committee amendment in the nature of a substitute shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Washington [Mr. HASTINGS] is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York [Ms. SLAUGHTER], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, the resolution provides for consideration of H.R. 412, the Oroville-Tonasket Claim Settlement and Conveyance Act under an open rule. The rule provides for 1 hour of general debate equally divided between the chairman and ranking member of the Committee on Resources. The rule makes in order the Committee on Resources amendment in the nature of a substitute now printed in the bill as an original bill for purposes of amendment. The amendment in the nature of a substitute shall be considered as read. The rule further provides for one motion to recommit with or without instructions.

Mr. Speaker, H.R. 412 approves the settlement reached between the U.S.

Department of the Interior and the Oroville-Tonasket Irrigation District in order to avoid litigation concerning the construction of the Oroville-Tonasket Unit Extension in my district.

This settlement was initiated by the Bureau of Reclamation and is widely supported by all concerned parties, including the Colville Indian Tribes. Under the terms of the settlement, legislation must be enacted prior to April 15 of this year or the proposed settlement is voided.

We began work on this bill in the 104th Congress and, thanks to the support of the gentleman from Alaska [Mr. YOUNG] and the gentleman from California [Mr. DOOLITTLE], H.R. 412 was reported by voice vote out of the Committee on Resources on March 5.

Mr. Speaker, the legislation we will consider today would ratify what I consider to be a very solid agreement. It is the result of a good faith effort by the Interior Department and my constituents to resolve a situation that both parties wish had never developed.

This agreement will save taxpayers millions of dollars and avoid a lawsuit the Federal Government would almost surely lose. Members doubting that the Government would lose this should ask the question, Why would the Bureau of Reclamation have been so eager to initiate this proposed settlement if they had not thought that they would be on the losing end?

Mr. Speaker, we had hoped to bring H.R. 412 to the House under a suspension of the rules. However, during full committee markup we learned for the first time of the gentleman from California's concern about the bill and, accordingly, we are pleased to request an open rule so that the gentleman from California [Mr. MILLER] may put before the full House an amendment seeking to perfect the bill.

Although I plan to oppose the gentleman's amendment, I look forward to its consideration in the Committee of the Whole later today.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield myself such time as I may consume. I thank the gentleman for yielding the time to me.

Mr. Speaker, this is an open rule that will allow full debate on this bill, and I ask my colleagues to support the rule so that we may proceed with consideration of the merits of the legislation.

As my colleague has noted, H.R. 412 approves an agreement between the Bureau of Reclamation, an agency of the Department of the Interior, and the Oroville-Tonasket Irrigation District of Washington. This agreement would transfer the federally funded irrigation project to the irrigation district at no cost.

Proponents of the measure note that the irrigation system does not work as planned and that operation costs are higher than projected. Several of my colleagues expressed concern, however, that this conveyance amounts to a giveaway of Federal assets, a giveaway that has had little to no congressional oversight. It is their strong belief that the district should be allowed to take possession of the project only after paying fair market value based on an independent appraisal.

Furthermore, it is my understanding that the Department of Justice did not participate in this settlement agreement and thus opponents argue that Congress should have the opportunity to address the dispute in question and to reach an equitable settlement. Since this is an open rule, however, I urge my colleagues' support for the rule to allow full debate.

Mr. Speaker, I yield back the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 94 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 412.

□ 1508

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 412) to approve a settlement agreement between the Bureau of Reclamation and the Oroville-Tonasket Irrigation District, with Mr. EVERETT in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 30 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Chairman, I yield myself such time as I may consume.

H.R. 412, the Oroville-Tonasket Claim Settlement Act approves the settlement of a lawsuit filed by the Oroville-Tonasket irrigation district against the United States regarding an irrigation works poorly designed and shoddily constructed by the Bureau of Reclamation in north central Washington State. Despite literally decades of repairs and reconstruction, the system does not work as planned and is very expensive to operate and maintain.

When the bureau notified the district that the project was substantially complete in 1990, thus triggering a repayment obligation under Federal reclamation law, the district sued for $51 million in damages and relief from its repayment obligation. The Bureau of Reclamation, the Justice Department and the district have negotiated a settlement agreement for this lawsuit, which must be ratified by law by the date of April 15, 1997. Under the agreement the district agrees to release all claims against the United States associated with the faulty irrigation system estimated by the bureau at $4.5 million plus an estimated $14 million requirement the U.S. Government presently has to repair deteriorating pipes, indemnify the United States from third party claims, pay $350,000 and release the United States from its obligation to remove existing dilapidated structures and accept limited power generation for irrigation water pumping.

In return the United States agrees to transfer title to the defective irrigation system of the district and forgive the district's repayment obligation calculated by the bureau to have a present value of $4.2 million.

Mr. Chairman, the Justice Department in fact did participate, contrary to the representation that was earlier made. It recommends that this settlement be entered into. As we can see from the facts, the district has more in claims against the Government acknowledged as valid by the Bureau of Reclamation than it has those in the amount of money to be repaid under the contract.

The district did not seek to take title to these irrigation works. That was a condition insisted upon by the Government itself. I would point out that the administration, even the Clinton administration supports this bill.

Mr. Chairman, I reserve the balance of my time.

Mr. MILLER of California. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to H.R. 412, the Oroville-Tonasket Claim Settlement and Conveyance Act. This district has yet to pay a dime toward the $14 million that it owes the taxpayers to repay their investment in the Oroville-Tonasket project. Yet this legislation would transfer the projects to the district for free and commit the Federal Government to continue to provide cheap power for pumping water through the year 2040, 45 years of additional subsidies to an irrigation district that is seeking now to get the project for free.

While this irrigation district argues that these problems of the project should be corrected, the need to repair the project certainly does not justify giving it away and having the taxpayers absorb the loss. The taxpayers have spent $88 million to build this project, and the power users in the region from Bonneville and others will subsidize this with power to the extent of somewhere around $75 million. What we are arguing here is over $14 million which the district owes and has refused to pay because they have not liked the design and the problems that we are having with the project. But the fact of the matter is that this district, this project has been delivering a benefit to

this irrigation district now for a number of years, and it certainly is envisioned that it will deliver a benefit to this district for the next 50 years.

Ordinarily what we would do in this situation is we would sit down and we would discuss whether or not they have got all of the benefit that they felt that they were deserving of. We have been through this in the central Arizona project, and we have been through it on other reclamation projects. But in this situation what we now see is the suggestion that they should pay nothing for what they got. The fact of the matter is, why do they not give the project back? It was suggested by the chairman of the subcommittee that this is a lemon law, that you have to give the car back. Well, you would, you would give the car back and you would cease making payments. Here they keep the project. They continue to get the water. They continue to get the economic benefit somewhere around 8,000 to 10,000 acres of orchards, and the fact of the matter is now they seek not to pay for it.

What my amendment suggests and what I will offer later when the House reconvenes is an amendment that says we ought to have an appraisal. We ought to determine the fair market value, take into consideration their arguments and let them pay that for the project. That may be net present value. That may be some other figure, but the taxpayers are entitled to have something back for the benefit that they bestowed on these individuals.

□ 1515

Because the simple fact of the matter is that they are going to continue to get that benefit.

Now, they will continue to get subsidized power. They will continue to get subsidized power for a long time. Why do we give people subsidized power? Because when we calculate these projects, the fact of the matter is that these farmers and others are not able to pay for this project.

They could not have financed this back in 1962, they could not finance this in 1976, so what we do is we reach into the pockets of all of the other power users in the area and we say they have to pony up money so that these farmers can stay in business because they have to pay the Federal Government back.

Now these people will not pay the Federal Government back, but they want to keep their hands in the pockets of the power users. Everybody else that gets subsidized power is in the business of paying the Government back. These people, in fact, are not going to pay the Government back.

The point is that their costs are about the same as other districts in the region. Their O&M costs are about $35 an acre foot. That is consistent with what other projects in the region pay. So what is the extraordinary expense? What is the extraordinary detriment of this project that so diminishes the benefits that now the taxpayer is entitled to nothing from the beneficiaries of this project? I suspect what is so extraordinary is the Bureau of Reclamation is somewhat embarrassed by their design and the implementation of this plan. The farmers have them on a hook. They got into a room and they cut a fat hog in the rear.

The point is that it is the public that is getting stuck. We are getting stuck because we are not getting repaid from the district. And those people who buy their power are paying higher rates for power because they are paying subsidized rates, they are dishing off subsidized rates to this district.

This is not to punish this district, this is not to deny this district what they are fairly entitled to. It simply says before we give the project away, why do we not determine if, in fact, there is fair market value in this for the United States of America, which is financed by the taxpayers that we all represent.

What we are saying is, have an appraisal, pick independent parties, let them make their determination and let the district decide whether or not they want to pay this. I think that is fairer to the taxpayers. I think it removes any notion of precedent by other projects that think that now maybe this is the way to do it. Just refuse to pay your bills and eventually the Federal Government says, ''Oh, forget it, you never were going to pay us so we will not collect anything from you.''

All those people paying their taxes on April 15 would like to know they could get such a deal; that they could get such a deal if they refused to pay their taxes over a period of years and then the Government says, ''Forget it, you guys probably never were going to pay us.''

So what do we do now? We bail out the deadbeats and the people that refuse to pay even though they are getting the benefit? I do not think that is what this Congress should be involved in. It is not a lot of money. It is $14 million. But it is $14 million, and if people are getting a benefit from that expenditure they should pay something back.

We go after people on student loans who are in hardship, we go after people on welfare, we go after people on food stamps, we go after people who do not pay their taxes, but here we set up a structure and they decide ''We do not want to pay for this because we do not think it is worth it.'' They certainly thought it was worth it when they came to Congress in 1952, 1962, 1976, 1982, and in 1995 and 1996, and now in 1997. They think there is something worth it here.

What is worth it is that they continue to get water to their lands to grow their crops to economically benefit from. And they should pay back the venture capitalist, the people of the United States, that put the money in up front. They ought to pay them back for the benefit that they are receiving.

If that benefit is not 100 percent of what they thought it should be, then let the appraisers make that determination. I think what we should do is get the interested parties out of the room of cutting this deal, put some independent parties into the room in determining what the value is, and let the taxpayers receive that.

Mr. Chairman, I will be offering that amendment when the House reconvenes for that purpose. If that amendment is not accepted, I would urge people to vote against this legislation.

Mr. Chairman, I reserve the balance of my time.

Mr. DOOLITTLE. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington, [Mr. HASTINGS].

Mr. HASTINGS of Washington. Mr. Chairman, I thank the gentleman for yielding me this time, and let me just give a little background on this bill from my perspective, and I want to respond to a few remarks that the gentleman from California made earlier.

Mr. Chairman, this bill is a result of settlement negotiations between the U.S. Bureau of Reclamation and the Oroville-Tonasket irrigation district, which is located in my district in central Washington.

As explained by my colleague from California, H.R. 412 transfers the title of the irrigation facilities to the local authorities and relieves the Bureau's responsibility for any repair, which is substantial, and future operational costs to the district. It also ends the current lawsuit against the Bureau of Reclamation.

Let me assure my colleagues that this settlement is a fair solution for all parties involved. These facilities have not performed as the Bureau promised, and the district, after lengthy negotiations, has agreed to fix the current problems and pay for future operations of the facilities. To me, that is fair.

The Bureau has said that they do not have the money to fix the problems of the Oroville-Tonasket irrigation district. They want the district to start paying for something that is not finished. That is a very important point, paying for something that is not finished. So we have a long court case ahead of us, and one that the Bureau, in all probability, would lose.

I have seen the problems firsthand, and these are pictures of some of the work that was done and which is at issue. These are main water-carrying pipes, 24- and 21-inch pipes that have broken in 2 different years after it was supposed to have been substantially complete. I can tell my colleagues, in an area where rainfall is approximately 10 to 12 inches, to have a break of irrigation pipes in July and in April, at the time when the irrigation season has started and in the middle of the irrigation season, is not a very good situation.

This is the work that is in dispute right now. There are other pictures here also to substantiate. This is a

blow-up of one of the other pictures I alluded to earlier.

I have seen the project firsthand, and this project is a poorly constructed irrigation unit that has plagued farmers in my district, frankly, long enough. Right now, over 1,000 farms depend on these irrigation facilities. And I want to emphasize the point that the rainfall in that area is 10 to 15 inches. We need the irrigation.

Apple, pear and cherry orchards, some of the most valuable and world renowned crops of Washington State, are jeopardized every time one of the Bureau's inadequate pipes explode. Every time the system cannot pump clean water and instead pumps mud, which has happened, as we can see the silt here, where it pumps mud through the farmers' pipes and out through their sprinkler heads, and that has happened, where they have had mud literally come out of the sprinkler heads, I can tell my colleagues that the trees they are trying to irrigate are in jeopardy.

A perfect example of the problems associated with these facilities happened in 1990, and those were the pictures I just showed, where the main pipes exploded. I know some of my colleagues are not from farming districts, but I can assure them that those people who depend on water at the opportune time need to have this water when it is timely.

What is the solution, then, after this problem that has built up over time? Clearly, the easiest solution would be to come back to Congress and ask for another appropriation to fix something that was mishandled in the first place. That costs money. It would probably waste taxpayers' dollars one more time. The irrigation district came to this conclusion also, and they started negotiations with the Bureau.

So what we need to do is turn these facilities over to the irrigation district so they can upgrade the facilities and pump water, not mud, to the farmers of central Washington. Preferably, I would like to see them working in perfect order before the Bureau transfers them to the district but, frankly, that is not going to happen. The best that we can do is let the district replace the pipes and control the mud entering the system and get the Federal Government out of the Oroville-Tonasket irrigation district.

Let us stop mishandling this facility, let us end the potential $51 million lawsuit against the U.S. Government, and help assure the farmers of my district a stable source of irrigated water for the future. I think this is a fiscally responsible solution. In fact, I might add, it is endorsed by the organization known as Citizens Against Government Waste, that all of us are familiar with.

I want to respond to a few points that the gentleman from California, the distinguished ranking member, made. He opened his remarks by talking about this is a giveaway of $14 million. The $14 million that the gentleman is alluding to would be the potential payback if everything were set and the contract was fulfilled. This contract has not been fulfilled. So there is nothing there from that standpoint.

We are not giving away anything other than air, and no one would want to pay for air if it was not performing correctly. That is really what the issue is.

The gentleman also talked about the power issue. And I think the gentleman from California recognizes that in the West, when we started reclaiming land with the Bureau of Reclamation, irrigation always got first call at that power. That was the incentive to allow people to come out and to create new wealth. This was all part of reclamation law. It applies to Washington State, it applies to California, it applies to Colorado, it applies to Idaho and Oregon, and all the Western States. This is nothing unusual.

As a matter of fact, when the gentleman suggests that we shift costs to the customers that are using the electricity, I might add that the people that use electricity are in the Northwest. We accept that.

Finally, it has been alluded to that we should correct this lemon law. I will give an analogy that I think is appropriate in this case. I ask my colleagues to put themselves in the situation where they have a house and that house is substantially built and completed and paid for, with just the exception of maybe a small part of the mortgage and the contractor is asked to come in and build a guest room.

As a result of going through that process, the contractor had to get into the house, change the roof, change the electricity, change the heating and all those sort of things. Now, there was an agreed-upon time line that this should be completed and all of a sudden the contractor says, Okay, I want to get paid because that was what was in the contract. At that time it rains and the discovery is made that the roof leaks, that the wiring may cause a fire, and the duct work does not work.

Do any of my colleagues think they would want to pay that contractor for that work? Of course not. No one would do that. As a matter of fact, we would probably sue the contractor and try to get the thing corrected.

That is precisely what is going on here with the Oroville-Tonasket irrigation district. It is nonperformance by the Bureau. And one of the reasons why this nonperformance and why this analogy works so well in my mind is the Bureau sees this makes sense. That is why they asked to enter into this agreement with the irrigation district.

So, Mr. Chairman, this bill, I think, corrects something. It is a settlement bill. It is a bill that will transfer authority and obligations and whatever lawsuits that may come up in the future away from the Federal Government and put it back to the district.

Now, as a result of that, the CBO has scored this and the CBO expects that the Federal Government would probably save money if this bill were enacted. CBO estimates that there would be no effect on 1997 spending and that any potential effect on 1998 spending would be savings relative to the current law.

So this is budget neutral and makes perfectly good sense to me that this bill ought to be passed. And, as a matter of fact, in the long run, because if we avoid a lawsuit, it would save a potential easily of $50 million.

So I urge my colleagues to support H.R. 412 when we vote on final passage. I would also urge my colleagues to vote against the amendment that will be offered by the gentleman from California, because if that amendment were to be adopted, it would, frankly, be a killer amendment on a bill that settles a potential claim.

Mr. DOOLITTLE. Mr. Chairman, I yield myself such time as I may consume to note, in terms of the figures we have heard, the gentleman from California [Mr. MILLER], represented that this is $14 million, but $13.9 million is the amount due the Government. But it is due over the next 45 years. It is not due today.

So the present value, the accountants calculate that amount, $13.9 million over 45 years, today's value of that, is $4.2 million. Now, the Bureau of Reclamation acknowledges the validity of the district's claims against the Federal Government in the amount of $4.5 million. So already there is $300,000 more dollars that is owed to the district than they owe to the Federal Government based on the present value.

There is also another 14 million dollars worth of repairs to the pipes that the gentleman from Washington [Mr. HASTINGS], showed us in the pictures that are the obligation of the Federal Government. That obligation would be removed and would not be a burden on the taxpayer in this settlement.

Mr. Chairman, I just want to make sure everybody understands that even the Government itself acknowledges that the district is owed money, more money from the Government than the district owes to the Government for this. Essentially, this disastrous project, which I called in the committee a lemon, has no worth.

□ 1530

It was not the district that seeks title; it was insisted that title be given, that the lemon be stuck with the recipient, because the Government does not want the lemon. They are the ones who insisted on that title transfer from the Federal Government to this Oroville-Tonasket Irrigation District. This settlement saves the taxpayer money.

Mr. Chairman, I reserve the balance of my time.

Mr. MILLER of California. Mr. Chairman, I yield myself such time as I may consume.

I appreciate the interpretation, the spin my learned colleagues would put

on my remarks. I said this is about $14 million. Nobody has suggested that the district pay $14 million. What I have suggested is that we have some independent voices and an appraisal of what this district ought to pay for the benefit it received.

As I said, it is not that these lands now lie fallow. It is not that these orchards are out of production. They are in fact engaged in raising crops and engaged in an economic benefit. If it is $4.2 million in the net present value for this project, maybe that is what they ought to pay. They can have the project, if that is what they want, if they want to have the project. All I am asking is, should they not pay something for the benefit they are receiving? My colleagues are using two words over there. One argues it is sort of substantially completed, but not completed, and then it is of no value. It is somewhere in between. If it is substantially completed, then you have an obligation for $14 million. If it is somewhat less than that, then you have an obligation somewhat less than that. This is not about punishing the district. It is about protecting the taxpayers on the way out.

The Bureau has never acknowledged that it is $14 million or that this whole pipeline has to be replaced. That is not here, and the Bureau has not put a value on this project. That is my reason for opposing this legislation and for offering the amendment, that in fact that we get a realistic value, that we get a true value.

The fact that this money is not going to be paid over 45 years, what we normally do with these districts when they want to buy out the project, when they want to buy out their obligations, we let them claim net present value of the project because the Government gets the value of having the money sooner. Nobody has suggested that is not the case here or could not be the case.

I appreciate that both of my colleagues are wonderful counsels for the plaintiff in this case and are making their case. It is just not clear that their case accurately reflects the interest of the taxpayers in the granting of this millions of dollars of relief to the district.

If you were not to do this, if it turns out that the $14 million is needed to rebuild, although the Bureau has not acknowledged it, that would be an obligation of the district under current law. It is not like that is an obligation you relieve us of. There is a repayment obligation. I just think this is about taxpayer equity. I will offer my amendment later, but let us just be clear on the figures.

Mr. Chairman, I reserve the balance of my time.

Mr. DOOLITTLE. Mr. Chairman, I yield myself such time as I may consume.

I will just observe that there are other claims as well that the district in the settlement will forgo against the Government. If we delay this settlement, in essence not delay it but we will abrogate the settlement by failing to pass this bill, the taxpayer is at far greater risk. Right now that $13.9 million of obligation for repayment by the district to the Federal Government is over 45 years. But, in fact, the net present value, which I think is undisputed of that $13.9 million, is $4.2 million. That is what the district is agreeing is the net present value and they are offsetting their payment to the Government of that $4.2 million against the $4.5 million that the Government acknowledges is valid in the district's claims against the Government. And then these other claims that are referenced in a CBO letter and that we have talked about, those other claims are also being forgone.

So I think it is not fair to say the district is not paying anything. The district has been saddled with this thing for years. It does not work. The Government would not go ahead and admit that the claims by the district were valid if they did not feel that they had an overwhelming liability on their part.

This is, after all, the Justice Department that is involved in this. The Clinton administration itself supports this. The Citizens Against Government Waste supports this bill. They are pretty good spokesmen, some think, for the taxpayers.

I think, Mr. Chairman, that the bill of the gentleman from Washington [Mr. HASTINGS] is a very timely bill. We support this bill, precisely because it saves the taxpayers money. We are not seeking to give anything away here. We are seeking to save the taxpayers money that will otherwise have to be paid when this goes to court and when the full $51 million in claims by the district is asserted against the Federal Government. They stand a lot to lose. They know that. That is why the Clinton administration itself supports the Hastings bill.

Mr. Chairman, I yield such time as he may consume to the gentleman from Washington [Mr. HASTINGS].

Mr. HASTINGS of Washington. Mr. Chairman, I thank the gentleman for yielding me this time.

We will discuss, I think, at length the amendment that will be offered, and that appears to be the crux of the argument that the gentleman from California is talking about, is that part of the fair value, and I think that is certainly something valid to debate. But I want to make this point. This irrigation district was started right after the turn of the century when all the reclamation projects in the West were started. Part of this settlement, which has already been paid, the $350,000, satisfies the repayment obligation back of the initial irrigation project. What is in dispute here is the extension unit. That is what is in dispute.

The extension unit, of course, affects the whole district, and that is why the Bureau settled precisely this way with the irrigation district, by saying, OK, the whole thing really is in jeopardy. We acknowledge that you needed to fulfill your obligation earlier, which is part of this settlement.

The irrigation district has some claims currently on the extension unit against the Bureau in excess of $4 million. The current value of the extension unit is slightly over $4 million. In other words, it is about a wash. When you sit down and negotiate these things, they say, OK, let us just kind of wash these things out.

In return for that, of course, you have to assume all of the liabilities and all of the obligations heretofore, and if there are any claims against the irrigation district, you cannot come back to the Federal Government and ask for relief.

So the irrigation district, after being under Federal Bureau law for all these years, is really assuming quite an obligation that could happen, because they are going to have to clean up this district, that, I might add, their operation and maintenance has increased by some 200 percent over the period of time that this project started. So there has been a real time cost to those irrigators.

I can tell you, if you are in cherries, you are in cherries and you are ready to harvest and all of a sudden a rainstorm comes. Believe me, your whole crop can be wiped out in one day. They roll the dice on this and unfortunately, I will not say unfortunately, I admire farmers because they do that. But within this district, they are assuming a responsibility in the future on this, and I think the fact that the Bureau in this dispute felt that they may in fact lose this suit, that is why they wanted to work out an accommodation with the irrigation district. I think that is why this is in the best interests, and I think that is why the Department of Interior and the President support this settlement claim.

So I think that we can debate the merits of the gentleman's amendment when he brings it up later on, but I think for now, Mr. Chairman, that this bill, H.R. 412, needs to be adopted by this House so we can get this legislation passed, so that the claim can be settled before April 15, 1997.

Mr. DOOLITTLE. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington [Mr. NETHERCUTT].

Mr. NETHERCUTT. I thank the gentleman from California [Mr. DOOLITTLE] for yielding me this time.

Mr. Chairman, I rise in support of H.R. 412 and the American taxpayer. That is what really this bill is all about. I appreciate the leadership of the gentleman from California [Mr. DOOLITTLE] and the gentleman from Washington [Mr. HASTINGS] on this issue.

Frankly, I am very concerned about the future fiscal impact that rejecting this bill would have. The Congressional Budget Office has said that this bill

would have no effect on 1997 spending and that there would be a future savings to current law if this bill is passed. I think we need to look carefully at really the background of this case, as Congressman DOOLITTLE and Congressman HASTINGS have set forth. This was a settlement agreement by the administration, the administration that the gentleman from California [Mr. MILLER] I believe supports more often than not, and I find myself not always in agreement with this administration on matters of policy but in this one they are right.

I have been practicing law for years and I know that a settlement is a good settlement if both parties agree, and it saves everybody a lot of time and effort and liability and exposure and money in the future, and that is really what this is about. We are going to have a savings of $51 million plus legal fees ranging up to $1 million. So I think that is something that all of us ought to take into great account as we decide whether this is a good bill or a bad.

Another thing that is very important, in my judgment, is that if this irrigation district wins only a partial settlement the U.S. taxpayers are still liable for whatever the court decides. The Bureau of Reclamation has stated that they are probably liable for at least $4 million, but that is only an estimate.

My judgment is, let us get this settled, let us move on. If the United States were to win this lawsuit and not be liable for the $51 million of exposure that they have, the taxpayers would still have to pay to maintain and operate these facilities. Taxpayer dollars can be better spent, Mr. Chairman, and the Colville Confederated Tribe in my district supports this, the Oroville-Tonasket Facilities District supports this, the Federal Government, Mr. Clinton, Mr. Babbitt support this. We should support it, too. Let the local officials of this irrigation district run this project. Repair the damage that exists and make it work for the farmers of this area.

Mr. Chairman, I conclude certainly by saying this is a cost saver. This is a taxpayer saving by passage of this bill. I urge my colleagues to support it.

Mr. YOUNG of Alaska. Mr. Chairman, I rise in strong support of H.R. 412, Congressman DOC HASTINGS' bill to approve a settlement in a lawsuit filed by the Oroville-Tonasket Irrigation District against the Bureau of Reclamation.

This is a lawsuit which should not have happened. The Bureau of Reclamation was charged with designing and building an irrigation system for the District in north-central Washington State. Although the original canal and flume system date from the early 1900's, Congress has authorized rehabilitation, repair, redesign, and construction of new works in 1962, 1976, and 1987 in ever increasing amounts. But the system has never worked as promised. In 1990, the Bureau told the District that it was washing its hands of the system and sought repayments of approximately $300,000 per year for the District's small share of the project. However, the District refused payment, arguing that the irrigation system does not work as planned and that the project operation and maintenance costs were much higher than the Bureau of Reclamation had led them to believe. The District has filed two lawsuits in this case, the latest seeking $51 million in damages and forgiveness of its repayment obligations.

I don't blame the District for withholding payment, because as you can see from the photographs of the project displayed in the chamber, this project is a turkey. I am also embarrassed for the Bureau, which has had decades to make this irrigation system work and failed. The District believes it can make the system deliver usable water by repairing it at a lower cost than the Federal Government. The Government agrees and is also seeking to be relieved of what could be substantial liability for this faulty system.

CBO believes enactment of H.R. 412 will probably save the U.S. Treasury and the taxpayers money. The vast majority of the project costs are not borne by the District, but the Bonneville Power Administration and by any calculation the District is foregoing much more in claims than is the Federal Government. This is not a give-away of a Federal asset, as some might have you believe.

Therefore, I ask Members to support H.R. 412 as reported from the Committee on Resources. The bill has bipartisan support from Members, the Administration, and even Citizens Against Government Waste. Let's put an end to this public works nightmare and settle what could be an expensive, protracted lawsuit.

Mr. DOOLITTLE. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. MILLER of California. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. HASTINGS of Washington) having assumed the chair, Mr. EVERETT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 412) to approve a settlement agreement between the Bureau of Reclamation and the Oroville-Tonasket Irrigation District, had come to no resolution thereon.

GENERAL LEAVE

Mr. DOOLITTLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 412.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California:

There was no objection.

□ 1545

RECESS

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Pursuant to clause 12 of rule I, the House stands in recess until approximately 5 p.m.

Accordingly (at 3 o'clock and 45 minutes p.m.), the House stood in recess until approximately 5 p.m.

□ 1700

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. HASTINGS of Washington) at 5 p.m.

OROVILLE-TONASKET CLAIM SETTLEMENT AND CONVEYANCE ACT

The SPEAKER pro tempore. Pursuant to House Resolution 94 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 412.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 412) to approve a settlement agreement between the Bureau of Reclamation and the Oroville-Tonasket Irrigation District, with Mr. EVERETT in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, all time for debate again had expired. The Committee amendment in the nature of a substitute printed in the bill shall be considered by sections as an original bill for the purpose of an amendment, and pursuant to the rule each section is considered read.

The CHAIRMAN. The Clerk will designate section 1.

The text of section 1 is as follows:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Oroville-Tonasket Claim Settlement and Conveyance Act''.

The CHAIRMAN. Are there any amendments to section 1?

The Clerk will designate section 2.

The text of section 2 is as follows:

SEC. 2. PURPOSES.

The purposes of this Act are to authorize the Secretary of the Interior to implement the provisions of the negotiated Settlement Agreement including conveyance of the Project Irrigation Works, identified as not having national importance, to the District, and for other purposes.

The CHAIRMAN. Are there any amendments to section 2?

If not, the Clerk will designate section 3.

The text of section 3 is as follows:

SEC. 3. DEFINITIONS.

As used in this Act:

(1) The term ''Secretary'' means the Secretary of the Interior.

(2) The term ''Reclamation'' means the United States Bureau of Reclamation.

(3) The term ''District'' or ''Oroville-Tonasket Irrigation District'' means the project beneficiary organized and operating under the laws of the State of Washington, which is the operating and repayment entity for the Project.