

Mr. Kevin Hall
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Subcommittee on Water and Power Legislative Hearing on H.R. 4562 (Smith of NE), To authorize early repayment of obligations to the Bureau of Reclamation within the Northport Irrigation District in the State of Nebraska
June 10, 2014

Thank you Mr. Chairman, members of the Subcommittee, and Congressman Smith. I appreciate the opportunity to appear before you today to discuss H.R. 4562, which would provide early repayment authority to members of the Northport Irrigation District in Bridgeport, Nebraska.

The 960 acre limitation in the Northport district was set in 1982, 32 years ago. Farming has changed over the years, farms have become considerably larger. Anyone who's sole income is from farming has been forced to increase the number of acres farmed to remain efficient due to the cost of equipment, fuel, fertilizer, seed, repairs, and other expenses.

For example, in my own farming operation in 1988 I purchased a new tractor and planter for approximately \$99,000.00. In the last 6 months I have purchased a new tractor for \$257,000.00 and have priced a new planter at \$269,000.00, totaling \$526,000.00 for both. This is over a 500% increase in input cost just for equipment. I have to run this new equipment over more acres to justify making the investment. Because of the 960 acre limit that I have already reached I cannot purchase, or rent land from my neighbors, or even my retired parents, I have to go outside of the Northport district to obtain these additional acres.

This acre limit has also put some families in a predicament regarding passing the family farm down to the next generation. Take my neighbors Joe and Jeff as an example. Joe and his wife Mary starting farming many years ago and his son Jeff followed in his fathers' footsteps. After college Jeff came home and acquired land neighboring his fathers, also in the district. Joe has since passed away and left the land to his widow Mary. Mary is not able to sell or even pass her farm to her son Jeff because it will cause him to go over the 960 acre limitation. Therefore, when Mary passes Jeff will have to sell the original family farm or acres that he himself owns or take the land out of irrigated crop production. The option of taking land out of irrigated crop production will come at a cost to the owner. In western Nebraska we receive around 14 inches of annual moisture. In our area the average value of irrigated land is around \$3,500.00 per acre while the value of non-irrigated land averages around \$800.00 per acre. This is also the case in my family, with my father and me.

The acre limitation also has a devaluing effect on the land in the district. When a farm comes up for sale or rent the number of potential buyers or renters is limited, due to two factors: First, most of the neighboring farmers will go over the limit by purchasing or renting the land, and secondly the land is less desirable for outside investors because of the lack of potential future growth.

One of my pet peeves is when someone comes to me with a complaint then just expects me to fix it. I am not here just to complain about the 960 acre limit. I am not even here to ask you to forgive

the loan which under the current circumstances will never be repaid. I am here asking you to pass this bill which will give farmers in the District the option to pay off their portion. From looking at the acres and landowners and visiting with those who are up against the 960 acres we feel that approximately \$200,000.00 will be paid against the loan, nearly a quarter of the total outstanding balance, with more to be paid as land changes hands in the future. We found that the same action was taken in the Southern Idaho Bureau of Reclamation Repayment Act (Section 508 of P.L. 110-229) and The Southern Oregon Bureau of Reclamation Repayment Act (P.L. 109-138.) These laws and H.R. 4562 waive Section 213 of the Reclamation Reform Act of 1982, which prohibits any early repayment.

In summary when a landowner or farmer reaches their 960 acre limit they cannot acquire, by inheritance, purchase or rent, any additional irrigated land. This has a devaluing effect on the land in the Northport Irrigation District by limiting the number of people in the market for land, and making it less desirable for outside investors because of the lack of potential future growth. It also does not allow for the "family farm" to be passed to future generations of farmers. Passing H.R. 4562 will allow landowners and farmers to voluntarily pay off the portion of debt that their acres represent, and thus no longer be under the acre restriction.

This concludes my testimony and I would be happy to answer any questions you might have.