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(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

To amend the Northwestern New Mexico Rural Water Projects Act to make improvements to that Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. LEGER FERNÁNDEZ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Northwestern New Mexico Rural Water Projects Act to make improvements to that Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Navajo-Gallup Water
5 Supply Project Amendments Act of 2022”.

1 **SEC. 2. DEFINITIONS.**

2 Section 10302 of the Northwestern New Mexico
3 Rural Water Projects Act (43 U.S.C. 407 note; Public
4 Law 111–11) is amended—

5 (1) by redesignating paragraphs (12), (13),
6 (14), (15), (16), (17), (18), (19), (20), (21), (22),
7 (23), (24), (25), (26), (27), (28), (29), and (30) as
8 paragraphs (13), (14), (15), (16), (17), (18), (19),
9 (20), (21), (22), (23), (24), (25), (28), (29), (30),
10 (31), (32), and (33), respectively;

11 (2) by inserting after paragraph (11) the fol-
12 lowing:

13 “(12) DEFERRED CONSTRUCTION FUND.—The
14 term ‘Deferred Construction Fund’ means the Nav-
15 ajo Nation’s Navajo-Gallup Water Supply Project
16 Deferred Construction Fund established by section
17 10602(i)(1)(A).”;

18 (3) in paragraph (14) (as so redesignated)—

19 (A) in the paragraph heading, by striking
20 “DRAFT” and inserting “FINAL ENVIRON-
21 MENTAL”;

22 (B) by striking “Draft Impact” and insert-
23 ing “Final Environmental”;

24 (C) by striking “draft environmental” and
25 inserting “final environmental”; and

1 (D) by striking “March 2007” and insert-
2 ing “July 6, 2009”;

3 (4) in paragraph (19) (as so redesignated), by
4 striking “Draft” and inserting “Final Environ-
5 mental”;

6 (5) by inserting after paragraph (25) (as so re-
7 designated) the following:

8 “(26) PROJECT SERVICE AREA.—The term
9 ‘Project Service Area’ means the area that encom-
10 passes the 43 Nation chapters, the southwest por-
11 tion of the Jicarilla Apache Reservation, and the
12 City that is identified to be served by the Project,
13 as illustrated in figure IV–5 (Drawing No. 1695–
14 406–49) of the Final Environmental Impact State-
15 ment.

16 “(27) SAN JUAN GENERATING STATION.—The
17 term ‘San Juan Generating Station’ means the coal-
18 fired, 4-unit electric power plant and ancillary fea-
19 tures located by the San Juan Mine near Waterflow,
20 New Mexico.”; and

21 (6) by adding at the end the following:

22 “(34) WORKING COST ESTIMATE.—The term
23 ‘Working Cost Estimate’ means the Bureau of Rec-
24 lamation document entitled ‘NGWSP October 2020
25 WCE’ and dated May 20, 2021, that details the

1 costs totaling \$1,705,174,000, at the October 2020
2 price level, of the Project, as configured on that
3 date.”.

4 **SEC. 3. NAVAJO-GALLUP WATER SUPPLY PROJECT.**

5 (a) AUTHORIZATION OF NAVAJO-GALLUP WATER
6 SUPPLY PROJECT.—Section 10602 of the Northwestern
7 New Mexico Rural Water Projects Act (Public Law 111–
8 11; 123 Stat. 1379) is amended—

9 (1) in subsection (a)—

10 (A) in the subsection heading, by striking
11 “IN GENERAL” and inserting “AUTHORIZA-
12 TION”;

13 (B) by striking “The Secretary” and in-
14 serting the following:

15 “(1) IN GENERAL.—The Secretary”;

16 (C) in paragraph (1) (as so designated), by
17 striking “Draft Impact Statement” and insert-
18 ing “Final Environmental Impact Statement, as
19 further refined in, and including the facilities
20 identified in, the Working Cost Estimate and
21 any subsequent supplemental documents pre-
22 pared in accordance with the National Environ-
23 mental Policy Act of 1969 (42 U.S.C. 4321 et
24 seq.).”; and

25 (D) by adding at the end the following:

1 “(2) ADDITIONAL SERVICE AREAS.—

2 “(A) FINDINGS.—Congress finds that—

3 “(i) expanding the Project Service
4 Area would create opportunities to increase
5 service for additional Nation Tribal mem-
6 bers and would not increase the cost of the
7 Project beyond authorization levels de-
8 scribed in section 10609(a); and

9 “(ii) the unit operations and mainte-
10 nance costs of the Project would be re-
11 duced by adding more customers to the
12 Project.

13 “(B) AUTHORIZATIONS FOR ADDITIONAL
14 PROJECT SERVICE AREAS.—

15 “(i) NEW MEXICO.—In addition to de-
16 livering water supply from the Project to
17 the Nation communities in the San Juan
18 River Basin, the Nation may expand the
19 Project Service Area in order to deliver
20 water supply from the Project to commu-
21 nities of the Nation within the Rio San
22 Jose Basin, New Mexico.

23 “(ii) ARIZONA.—In addition to deliv-
24 ering water supply from the Project to the
25 Nation communities of Fort Defiance and

1 Window Rock, Arizona, and subject to sec-
2 tion 10603(c)(1), the Nation may expand
3 the Project Service Area in order to deliver
4 water supply from the Project to the Na-
5 tion community of Lupton, Arizona, within
6 the Little Colorado River Basin, Arizona.”;

7 (2) in subsection (b)—

8 (A) in the matter preceding paragraph
9 (1)—

10 (i) by inserting “acquire,” before
11 “construct,”; and

12 (ii) by striking “Draft Impact State-
13 ment” and inserting “Final Environmental
14 Impact Statement, as further refined in,
15 and including the facilities identified in,
16 the Working Cost Estimate and any subse-
17 quent supplemental documents prepared in
18 accordance with the National Environ-
19 mental Policy Act of 1969 (42 U.S.C.
20 4321 et seq.)”;

21 (B) by striking paragraph (1) and insert-
22 ing the following:

23 “(1) SAN JUAN GENERATING STATION.—

24 “(A) IN GENERAL.—The water conveyance
25 and storage facilities associated with the San

1 Juan Generating Station, including the diver-
2 sion dam, the intake structure, the river pump-
3 ing plant, the pipeline from the river to the res-
4 ervoir, the dam and associated reservoir, the
5 power line between the river and reservoir, and
6 any associated land, rights-of-way, easements,
7 or ancillary features.

8 “(B) WAIVER OF APPRAISAL.—Notwith-
9 standing any other provision of law, the Sec-
10 retary may waive an appraisal relating to the
11 acquisition of the water conveyance and storage
12 facilities associated with the San Juan Gener-
13 ating Station described in subparagraph (A).”;

14 (C) in paragraph (2)(A)—

15 (i) by striking “River near Kirtland,
16 New Mexico,” and inserting “Generating
17 Station Reservoir”; and

18 (ii) by inserting “generally” before
19 “follows United States Highway 491”;

20 (D) in paragraph (3)(A), by inserting
21 “generally” before “follows United States High-
22 way 550”; and

23 (E) in paragraph (5), by inserting “(in-
24 cluding any reservoir facility)” after “treatment
25 facility”;

1 (3) in subsection (c)—

2 (A) in the subsection heading, by inserting
3 “AND FACILITIES” after “LAND”;

4 (B) in paragraph (1), by striking “any
5 land or interest in land that is” and inserting
6 “any land or facilities, or interest in land or fa-
7 cilities, that are”; and

8 (C) by adding at the end the following:

9 “(4) LAND TO BE TAKEN INTO TRUST.—

10 “(A) IN GENERAL.—On satisfaction of the
11 conditions described in paragraph (7) of the
12 Agreement and after the requirements of sec-
13 tions 10701(e) and 10703 are met, the Sec-
14 retary shall take legal title to the following land
15 and, subject to subparagraph (D), hold that
16 land in trust for the benefit of the Nation:

17 “(i) Fee land of the Nation, includ-
18 ing—

19 “(I) the parcels of land on which
20 the Tohlakai Pumping Plant, Reach
21 12A and Reach 12B, are located, in-
22 cluding, in McKinley County, New
23 Mexico—

1 “(aa) sec. 5, T. 16 N., R. 18
2 W., New Mexico Prime Meridian;
3 and

4 “(bb) sec. 33, T. 17 N., R.
5 17 W., New Mexico Prime Merid-
6 ian (except lot 9 and the NW¹/₄
7 of lot 4);

8 “(II) the parcel of land on which
9 Reach 12.1 is located, including—

10 “(aa) NW¹/₄ and SW¹/₄ sec.
11 5, T. 16 N., R. 18 W.;

12 “(bb) N¹/₂ sec. 11, T. 16 N.,
13 R. 19 W.; and

14 “(cc) sec. 12, T. 16 N., R.
15 20 W.; and

16 “(III) the parcel of land on which
17 Reach 12.2 is located, including
18 NW¹/₄. sec. 2, T. 16 N., R. 21 W.

19 “(ii) Public domain land managed by
20 the Bureau of Land Management, includ-
21 ing—

22 “(I) the parcel of land on which
23 the Cutter Lateral Water Treatment
24 Plant is located, including S¹/₂ sec. 9,

1 T. 25 N., R. 9 W., New Mexico Prime
2 Meridian; and

3 “(II) the parcel of land on which
4 the Navajo Agricultural Products In-
5 dustry turnout is located, including
6 NW¹/₄ and NE¹/₄ sec. 34, T. 26 N.,
7 R. 9 W., New Mexico Prime Meridian.

8 “(iii) Public domain land managed by
9 the Bureau of Reclamation, including the
10 land underlying the San Juan Generating
11 Station facilities acquired by the United
12 States.

13 “(B) PART OF NAVAJO NATION.—The land
14 taken into trust under subparagraph (A) shall
15 be part of the Navajo Reservation and adminis-
16 tered in accordance with the laws and regula-
17 tions generally applicable to land held in trust
18 by the United States for the benefit of an In-
19 dian Tribe.

20 “(C) LIMITATIONS.—The land taken into
21 trust under subparagraph (A) shall be subject
22 to valid existing rights, contracts, and manage-
23 ment agreements, including easements and
24 rights-of-way.

1 “(D) SAVINGS CLAUSE.—Nothing in this
2 paragraph affects any—

3 “(i) water right of the Nation in exist-
4 ence on the day before the date of enact-
5 ment of the Navajo-Gallup Water Supply
6 Project Amendments Act of 2022; and

7 “(ii) right or claim of the Nation to
8 any land or interest in land in existence on
9 the day before the date of enactment of the
10 Navajo-Gallup Water Supply Project
11 Amendments Act of 2022.”;

12 (4) in subsection (d)(1)(D), by striking “Draft”
13 and inserting “Final Environmental”;

14 (5) in subsection (e)—

15 (A) by striking “The Secretary” and in-
16 sserting the following:

17 “(1) IN GENERAL.—The Secretary”; and

18 (B) by adding at the end the following:

19 “(2) RENEWABLE ENERGY AND HYDRO-
20 ELECTRIC POWER.—

21 “(A) RENEWABLE ENERGY.—For any por-
22 tion of the Project that does not have access to
23 Colorado River Storage Project power, the Sec-
24 retary may use not more than \$6,250,000 of

1 the amounts made available under section
2 10609(a)(1) to develop renewable energy.

3 “(B) HYDROELECTRIC POWER.—Notwith-
4 standing whether a Project facility has access
5 to Colorado River Storage Project power, the
6 Secretary may use not more than \$1,250,000 of
7 the \$6,250,000 authorized to be used to develop
8 renewable energy under subparagraph (A) to
9 develop hydroelectric power for any Project fa-
10 cility that can use hydraulic head to produce
11 electricity.”;

12 (6) in subsection (h)(1), in the matter pre-
13 ceding subparagraph (A), by inserting “, store,”
14 after “treat”; and

15 (7) by adding at the end the following:

16 “(i) DEFERRED CONSTRUCTION OF PROJECT FA-
17 CILITIES.—

18 “(1) DEFERRED CONSTRUCTION OF PROJECT
19 FACILITIES.—On mutual agreement between the Na-
20 tion and the Secretary, and the Jicarilla Apache Na-
21 tion if the deferred Project facilities benefit the
22 Jicarilla Apache Nation, construction of selected
23 Project facilities may be deferred to save operation
24 and maintenance expenses associated with that con-
25 struction.

1 “(2) DEFERRED CONSTRUCTION FUND.—

2 “(A) ESTABLISHMENT.—There is estab-
3 lished in the Treasury a fund, to be known as
4 the ‘Navajo Nation’s Navajo-Gallup Water Sup-
5 ply Project Deferred Construction Fund’, to
6 consist of—

7 “(i) amounts that correspond to por-
8 tions of the Project that have been de-
9 ferred under paragraph (1); and

10 “(ii) any interest or other gains on
11 amounts referred to in clause (i).

12 “(B) USE OF THE DEFERRED CONSTRUC-
13 TION FUND.—The Nation may use amounts in
14 the Deferred Construction Fund—

15 “(i) to construct Project facilities that
16 have been deferred under paragraph (1);
17 or

18 “(ii) to construct alternate facilities
19 agreed on under subparagraph (C).

20 “(C) ALTERNATE FACILITIES CONSISTENT
21 WITH THE PURPOSE OF THE PROJECT.—On
22 agreement between the Nation and the Sec-
23 retary, and the Jicarilla Apache Nation if the
24 deferred Project facilities benefit the Jicarilla
25 Apache Nation, and in compliance with all ap-

1 plicable environmental and cultural resource
2 protection laws, facilities other than those pre-
3 viously agreed to be deferred under paragraph
4 (1) may be constructed if those alternate facili-
5 ties are consistent with the purposes of the
6 Project described in section 10601.

7 “(3) AMOUNTS TO BE DEPOSITED.—Funds allo-
8 cated from the amounts made available under sec-
9 tion 10609(a)(1) to build facilities referred to in
10 paragraph (1) shall be deposited into the Deferred
11 Construction Fund.

12 “(4) ADJUSTMENTS.—On deposit of amounts
13 into the Deferred Construction Fund under para-
14 graph (3), the adjustments to authorized appropria-
15 tions under section 10609(a)(2) shall no longer
16 apply to those amounts.

17 “(5) DEADLINE TO CONSTRUCT PROJECT FA-
18 CILITIES.—On deposit of all amounts into the De-
19 ferred Construction Fund for construction of Project
20 facilities agreed on under paragraph (1), the Sec-
21 retary shall be deemed to have met the obligation
22 under section 10701(e)(1)(A)(ix).

23 “(6) FUTURE CONSTRUCTION OF PROJECT FA-
24 CILITIES.—On agreement between the Nation and
25 the Secretary, and the Jicarilla Apache Nation if the

1 deferred Project facilities benefit the Jicarilla
2 Apache Nation, the Nation shall use amounts depos-
3 ited into the Deferred Construction Fund to con-
4 struct—

5 “(A) Project facilities deferred under para-
6 graph (1); or

7 “(B) alternate Project facilities described
8 in paragraph (2)(C).”.

9 (b) DELIVERY AND USE OF NAVAJO-GALLUP WATER
10 SUPPLY PROJECT WATER.—Section 10603(a)(3)(B) of
11 the Northwestern New Mexico Rural Water Projects Act
12 (Public Law 111–11; 123 Stat. 1383) is amended—

13 (1) in clause (i), by inserting “or, if generated
14 on City-owned facilities, by the City” after “the Na-
15 tion”; and

16 (2) in clause (ii), by inserting “, except that the
17 City shall retain all revenue from the sale of hydro-
18 electric power that is generated on City-owned facili-
19 ties” after “hydroelectric power”.

20 (c) PROJECT CONTRACTS.—Section 10604 of the
21 Northwestern New Mexico Rural Water Projects Act
22 (Public Law 111–11; 123 Stat. 1388) is amended—

23 (1) in subsection (b)(3)—

1 (A) in subparagraph (A), by striking “sub-
2 paragraph (B)” and inserting “subparagraphs
3 (B) and (C)”;

4 (B) in subparagraph (B)—

5 (i) in the subparagraph heading, by
6 striking “MINIMUM PERCENTAGE” and in-
7 serting “MAXIMUM PERCENTAGE”;

8 (ii) by striking “at least 25 percent”
9 and inserting “not more than 25 percent”;
10 and

11 (iii) by striking “, but shall in no
12 event exceed 35 percent”; and

13 (C) by adding at the end the following:

14 “(C) MAXIMUM REPAYMENT OBLIGA-
15 TION.—The repayment obligation of the City
16 referred to in subparagraphs (A) and (B) shall
17 not exceed \$76,000,000.”;

18 (2) in subsection (c)(1)(B), by inserting “sub-
19 section (f) and” before “section 10603(g)”;

20 (3) in subsection (d)(1), by striking “Draft”
21 and inserting “Final Environmental”;

22 (4) in subsection (e), by striking “Draft” and
23 inserting “Final Environmental”; and

24 (5) in subsection (f)—

1 (A) by redesignating paragraphs (1)
2 through (5) as subparagraphs (A) through (E),
3 respectively, and indenting appropriately;

4 (B) by inserting before subparagraph (A)
5 (as so designated) the following:

6 “(1) NAVAJO NATION.—”;

7 (C) in paragraph (1) (as so designated)—

8 (i) in subparagraph (A) (as so reded-
9 igned), by striking “may waive” and all
10 that follows through the period at the end
11 and inserting “shall waive, for a period of
12 15 years, the operation, maintenance, and
13 replacement costs allocable to the Na-
14 tion.”;

15 (ii) in subparagraph (B) (as so reded-
16 igned)—

17 (I) by striking “paragraph (1)”
18 and inserting “subparagraph (A) ex-
19 pires”;

20 (II) by striking “allocated”; and

21 (III) by inserting “that are allo-
22 cated to the Nation” after “Project”;

23 (iii) in subparagraph (C) (as so reded-
24 igned), by striking “paragraph (1)” and
25 inserting “subparagraph (A)”;

1 (iv) by striking subparagraph (D) (as
2 so redesignated) and inserting the fol-
3 lowing:

4 “(D) ANTIDEFICIENCY.—The Secretary
5 shall not be liable for any failure to carry out
6 any obligation or activity authorized by this
7 subsection if adequate appropriations are not
8 provided expressly by an Act of Congress to
9 carry out the purposes of this subsection.”; and

10 (v) by striking subparagraph (E) (as
11 so redesignated) and inserting the fol-
12 lowing:

13 “(E) TERMINATION OF WAIVER.—The
14 waiver authorized under subparagraph (A) shall
15 terminate with respect to a section of the
16 Project on the earlier of—

17 “(i) the date on which that section of
18 the Project is transferred to the Nation
19 under section 10602(f); and

20 “(ii) the date on which the waiver
21 granted by the Secretary under that sub-
22 paragraph has been in place for 15
23 years.”; and

24 (D) by adding at the end the following:

25 “(2) JICARILLA APACHE NATION.—

1 “(A) IN GENERAL.—On the date on which
2 the Secretary declares a section of the Project
3 to be substantially complete and delivery of
4 water generated by and through that section of
5 the Project can be made to the Jicarilla Apache
6 Nation, the Secretary shall waive, for a period
7 of 10 years, the operation, maintenance, and re-
8 placement costs allocable to the Jicarilla
9 Apache Nation.

10 “(B) SUBSEQUENT PAYMENT BY
11 JICARILLA APACHE NATION.—After a waiver
12 under subparagraph (A) expires, the Jicarilla
13 Apache Nation shall pay all operation, mainte-
14 nance, and replacement costs of that section of
15 the Project that are allocated to the Jicarilla
16 Apache Nation.

17 “(C) PAYMENT BY UNITED STATES.—Any
18 operation, maintenance, or replacement costs
19 waived by the Secretary under subparagraph
20 (A) shall be paid by the United States and shall
21 be nonreimbursable.

22 “(D) ANTIDEFICIENCY.—The Secretary
23 shall not be liable for any failure to carry out
24 any obligation or activity authorized by this
25 subsection if adequate appropriations are not

1 provided expressly by an Act of Congress to
2 carry out the purposes of this subsection.

3 “(3) CITY OF GALLUP.—

4 “(A) IN GENERAL.—On the date on which
5 the Secretary declares a section of the Project
6 to be substantially complete and delivery of
7 water generated by and through that section of
8 the Project can be made to the City, the Sec-
9 retary shall waive, for a period of 10 years, the
10 operation, maintenance, and replacement costs
11 allocable to the City.

12 “(B) SUBSEQUENT PAYMENT BY CITY OF
13 GALLUP.—After a waiver under subparagraph
14 (A) expires, the City shall pay all operation,
15 maintenance, and replacement costs of that sec-
16 tion of the Project that are allocated to the
17 City.

18 “(C) PAYMENT BY UNITED STATES.—Any
19 operation, maintenance, or replacement costs
20 waived by the Secretary under subparagraph
21 (A) shall be paid by the United States and shall
22 be nonreimbursable.

23 “(D) ANTIDEFICIENCY.—The Secretary
24 shall not be liable for any failure to carry out
25 any obligation or activity authorized by this

1 subsection if adequate appropriations are not
2 provided expressly by an Act of Congress to
3 carry out the purposes of this subsection.”.

4 (d) AUTHORIZATION OF CONJUNCTIVE USE
5 WELLS.—Section 10606 of the Northwestern New Mexico
6 Rural Water Projects Act (Public Law 111–11; 123 Stat.
7 1392) is amended by adding at the end the following:

8 “(i) WELLS SERVING THE CITY OF GALLUP RE-
9 GIONAL WATER SYSTEM.—

10 “(1) IN GENERAL.—The Secretary shall enter
11 into a financial assistance agreement with the City
12 to provide funding, using amounts made available
13 under section 10609(b)(3), for the construction or
14 rehabilitation of wells and related pipeline facilities
15 to provide capacity for the diversion and distribution
16 by the City of not more than 1,500 acre feet of
17 groundwater per year.

18 “(2) WATER RIGHTS.—The water rights associ-
19 ated with any wells constructed or rehabilitated
20 under paragraph (1)—

21 “(A) shall not be considered to be part of
22 the Agreement; and

23 “(B) shall be considered to be already ex-
24 isting water rights permitted by the New Mex-

1 ico State Engineer to the City for municipal
2 and domestic uses.

3 “(3) TITLE TO WELLS.—Title to the wells and
4 related pipeline facilities constructed or rehabilitated
5 in accordance with paragraph (1) shall remain with
6 the City at all times.

7 “(4) ASSOCIATED COSTS.—All operation, main-
8 tenance, and replacement costs associated with wells
9 and related pipeline facilities constructed or rehabili-
10 tated in accordance with paragraph (1) shall be the
11 responsibility of the City.”.

12 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
13 10609 of the Northwestern New Mexico Rural Water
14 Projects Act (Public Law 111–11; 123 Stat. 1395) is
15 amended—

16 (1) in subsection (a)—

17 (A) in paragraph (1), by striking
18 “\$870,000,000 for the period of fiscal years
19 2009 through 2024” and inserting
20 “\$1,923,200,000 for the period of fiscal years
21 2009 through 2029”;

22 (B) by striking paragraph (2) and insert-
23 ing the following:

24 “(2) ADJUSTMENTS.—

1 “(A) IN GENERAL.—The amount under
2 paragraph (1) shall be adjusted by such
3 amounts as may be required—

4 “(i) by reason of changes since Octo-
5 ber 2020 in construction cost changes in
6 applicable regulatory standards, as indi-
7 cated by engineering cost indices applicable
8 to the types of construction involved; and

9 “(ii) to address construction cost
10 changes necessary to account for unfore-
11 seen market volatility that may not other-
12 wise be captured by engineering cost indi-
13 ces described in clause (i), as determined
14 by the Secretary, including repricing appli-
15 cable to the types of construction and cur-
16 rent industry standards involved.

17 “(B) DEFERRED CONSTRUCTION FUND.—
18 Amounts deposited in the Deferred Construc-
19 tion Fund shall not be adjusted pursuant to
20 this paragraph.”; and

21 (C) in paragraph (4)(B), by striking “10
22 years” and inserting “15 years”;
23 (2) in subsection (b)—

24 (A) in paragraph (1), by striking
25 “\$30,000,000, as adjusted under paragraph

1 (3), for the period of fiscal years 2009 through
2 2019” and inserting “\$37,500,000, as adjusted
3 under paragraph (4), for the period of fiscal
4 years 2009 through 2032”;

5 (B) in paragraph (2), by striking “2024”
6 and inserting “2032”;

7 (C) by redesignating paragraphs (3)
8 through (6) as paragraphs (4) through (7), re-
9 spectively;

10 (D) by inserting after paragraph (2) the
11 following:

12 “(3) CITY OF GALLUP WELLS.—There is au-
13 thorized to be appropriated for the construction or
14 rehabilitation and operation and maintenance of con-
15 junctive use wells for the City \$18,000,000, as ad-
16 justed under paragraph (4), for the period of fiscal
17 years 2021 through 2029.”;

18 (E) in paragraph (4) (as so redesign-
19 nated)—

20 (i) by striking “The amount under
21 paragraph (1)” and inserting the following:

22 “(A) SAN JUAN WELLS AND WELLS IN THE
23 LITTLE COLORADO AND RIO GRANDE BASINS.—
24 The amount under paragraphs (1) and (2)”;
25 and

1 (ii) by adding at the end the fol-
2 lowing:

3 “(B) CITY OF GALLUP WELLS.—The
4 amount under paragraph (3) shall be adjusted
5 by such amounts as may be required by reason
6 of changes since 2021 in construction costs, as
7 indicated by engineering cost indices applicable
8 to the types of construction or rehabilitation in-
9 volved.”;

10 (F) in paragraph (5) (as so redesignated),
11 by striking “paragraphs (1) and (2)” and in-
12 serting “paragraphs (1), (2), and (3)”; and

13 (G) in paragraph (6) (as so redesignated),
14 by striking “paragraphs (1) and (2)” and in-
15 serting “paragraphs (1), (2), and (3)”.

16 (f) TAXATION OF CONSTRUCTION, OPERATION, AND
17 MAINTENANCE OF PROJECT FACILITIES.—Part III of the
18 Northwestern New Mexico Rural Water Projects Act
19 (Public Law 111–11; 123 Stat. 1379) is amended by add-
20 ing at the end the following:

21 **“SEC. 10610. TAXATION OF CONSTRUCTION, OPERATION,
22 AND MAINTENANCE OF PROJECT FACILITIES.**

23 “(a) NATION LAND.—Any activity constituting the
24 construction, operation, or maintenance of Project facili-
25 ties—

1 “(1) shall, if the activity takes place on land
2 that is held in trust by the United States for the
3 benefit of the Nation, be subject to taxation by the
4 Nation; and

5 “(2) shall not be subject to any fee, tax, assess-
6 ment, levy, or other charge imposed by any State or
7 political subdivision of a State.

8 “(b) OTHER LAND.—Any activity constituting the
9 construction, operation, or maintenance of Project facili-
10 ties—

11 “(1) shall, if the activity takes place on land
12 other than the land described in subsection (a)(1),
13 be subject to taxation by the State in which the land
14 is located, or by a political subdivision of that State
15 to the extent authorized by the laws of that State;
16 and

17 “(2) shall not be subject to any fee, tax, assess-
18 ment, levy, or other charge imposed by the Nation.”.

19 **SEC. 4. NAVAJO NATION WATER RIGHTS.**

20 (a) AGREEMENT.—Section 10701(e)(1)(A) of the
21 Northwestern New Mexico Rural Water Projects Act
22 (Public Law 111–11; 123 Stat. 1400) is amended—

23 (1) in clause (ix), by striking “2024” and in-
24 serting “2029”; and

25 (2) by adding at the end the following:

1 “(x) DEFERRED CONSTRUCTION
2 FUND.—

3 “(I) IN GENERAL.—Not later
4 than December 31, 2029, the United
5 States shall make all deposits into the
6 Deferred Construction Fund in ac-
7 cordance with section 10602(i)(3).

8 “(II) PROJECT DEADLINE.—On
9 deposit of the amounts into the De-
10 ferred Construction Fund under sub-
11 clause (I), even if certain Project fa-
12 cilities have not yet been constructed,
13 the Secretary shall be deemed to have
14 met the deadline described in clause
15 (ix).”.

16 (b) WAIVERS AND RELEASES.—Section 10703 of the
17 Northwestern New Mexico Rural Water Projects Act
18 (Public Law 111–11; 123 Stat. 1403) is amended—

19 (1) in subsection (d)(1)(A), by striking “2025”
20 and inserting “2030”; and

21 (2) in subsection (e)(2), in the matter preceding
22 subparagraph (A), by striking “2025” and inserting
23 “2030”.