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**MEMORANDUM**

TO: Paul Brayton, Charlotte Harbor Water Association, Inc.  
FROM: Mike Keegan  
DATE: February 4, 2004  
SUBJECT: 7 USC 1926(b)

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Per our conversation, on April 4, 1996, HR 2854, The Federal Agriculture Improvement and Reform Act of 1996 became U.S. Public Law No: 104-127. Section 743 of that Act titled "EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM FOR SMALLEST COMMUNITIES" contained the following provision.

*"Section 306B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926b) is repealed."*

This provision repealed subsection 1926b and **not** subsection 1926(b) in the U.S. Code. Referring the citation, Section 306B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926b), related to emergency community water assistance grant program, including general provisions and provisions relating to priority, eligibility, uses, restrictions, maximum grants, full funding, application, and limitations on authorization of appropriations. The following is the current U.S. statute regarding 1926(b).

7 USC Sec. 1926, CHAPTER 50 - AGRICULTURAL CREDIT  
SUBCHAPTER I - REAL ESTATE LOANS

Sec. 1926. Water and waste facility loans and grants  
(b) Curtailment or limitation of service prohibited

The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

Please contact me with any questions and refer to the recent U.S. Circuit Court ruling for interpretation of the statute.

United States Court of Appeals Tenth Circuit [[www.ruralwater.org/pittsburg7.pdf](http://www.ruralwater.org/pittsburg7.pdf)]  
PITTSBURG COUNTY RURAL WATER DISTRICT NO. 7 v. CITY OF McALESTER