1960 general election, voters within its boundaries approved its formation by the overwhelmingly favorable vote of 85.3 percent.

The subdistrict consists of 15½ counties in north-central South Dakota which contains 21.8 percent of the State's land area and 21.5 percent of its population. Through their action the local people created a taxing power entity which meets the requirements of Federal agencies and the Congress for the sponsorship of multiple-purpose water resource development projects such as the Oahe unit.

It provides a way to relate, reasonably and equitably, the financing of water resource projects to the degree of benefits received from such projects. This is accomplished in part through the subdistrict's ability to levy a tax not to exceed 1 mill on all taxable property within the subdistrict.

The subdistrict board has the authority to contract for certain obligations and responsibilities associated with the Oahe unit and to secure these obligations by its taxing power.

An 11-member board of directors governs the affairs of the subdistrict. They are elected by the local people from director areas established within its boundaries. Nine of the 11 directors represent rural areas and two act as directors at large representing municipalities.

Each director has a responsibility to the electorate of his district and we are confident that the board of directors will be able to provide able management for the Oahe unit once it is constructed.

The Oahe unit lies in its entirety within the Oahe Conservancy Subdistrict and we believe the subdistrict, by its authorities, provides an organization through which project beneficiaries can be equitably represented in such matters as contract negotiations with the Government and in the operation of the project. Through its ability to levy a general tax a method is provided whereby indirect beneficiaries, be they urban or rural, will help share in the project costs.

It is anticipated that during the early development period of the Oahe unit the subdistrict's obligations will require an annual levy of about thirty-four one-hundredths of a mill.

In 1966 the total assessed property valuation of the subdistrict totaled $549,223,386. This is 23 percent of the total State's valuation. A considerable portion of the revenue derived from this levy will be contributed by indirect beneficiaries.

The levy will be used to give assistance to the irrigators and other project beneficiaries during the transitional period and to aid project repayment after irrigation becomes established.

The economy of our State is primarily based upon agriculture. As a result, whenever even a partial crop failure is experienced it has a depressive impact on virtually every segment of our State's economy.

From the early days when the prairie sod was first turned for crop use, through the terrible "dirty thirties" until today, sky watching and hoping for rain has been a way of life for our farmers.

Senator McGovern. That is true in the State right now, isn't it?

Mr. Holscher. That is correct.

So often the difference between a successful harvest and crop failure is that one rain that comes too late or not at all. Many times in the past 10 years counties within the subdistrict have been declared disaster areas in accordance with the existing farm program.