

RECLAMATION

Managing Water in the West

Reclamation Reform Act of 1982 (RRA)

RRA 101

February 2008



U.S. Department of the Interior
Bureau of Reclamation

WELCOME TO RRA 101

*A PowerPoint presentation designed
as a training tool for
Reclamation RRA staff
and District RRA staff*

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I. THE HISTORY OF ACREAGE LIMITATION

A. BACKGROUND

The Reclamation Reform Act of 1982 (RRA) was signed into law on October 12, 1982. It was the culmination of an effort to modernize Federal reclamation law. The RRA made a number of changes to prior Federal reclamation law while retaining the basic principle of limiting the amount of owned land which may receive Reclamation irrigation water. The RRA also made a major change to prior law by introducing the concept of full-cost pricing for some water deliveries. The Acreage Limitation Rules and Regulations (Rules) govern the Bureau of Reclamation's (Reclamation) westwide implementation and administration of the RRA.

B. LEGISLATIVE AND LEGAL ACTIONS

DATE - 06/17/1902

EVENT - The Reclamation Act of 1902

- The Federal reclamation program is established.
- Farmer could receive project water on no more than 160 owned acres.
- Residency required.
- Goal: Safeguard against land speculation and ensure the widest distribution of project benefits.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 08/09/1912

EVENT - Act of 1912

- Consolidation of holdings is prevented until such time as final payment of construction charges is made.
- Land that became excess because of being involuntarily acquired could receive water for 2 years.

DATE - 05/25/1926

EVENT - Omnibus Adjustment Act (Section 46)

- Project water cannot be delivered to land in excess of 160 acres unless the owner of the excess land enters into a recordable contract under which owner agrees to sell the excess land at a Secretarially approved price (without reference to the construction of the project).

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 07/11/1956

EVENT - Involuntary Acquisition of Excess Land

- The Act of 1912 and section 46 of the Omnibus Adjustment Act of 1926 were amended to extend the grace period for involuntarily acquired excess land from 2 to 5 years.

DATE - 09/02/1960

EVENT - Water Delivery After Death Of Spouse

- Water may be delivered to lands that become excess due to death of a spouse until the surviving spouse remarries.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 07/07/1970

EVENT - Exemption of State-Owned Lands

- Excess land laws are not applicable to State-owned lands that are farmed primarily for a nonrevenue-producing function.
- Lessees of State-owned land are subject to the same acreage limitations as private landowners.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 1976 – 1981

EVENT - National Land for People Lawsuit

- Groups representing small farms and environmental groups sued the United States for improperly enforcing the sale of excess land.
- Court ordered Reclamation to issue rules with criteria/procedures for excess land sales.
- Reclamation was in process of preparing rules and an Environmental Impact Statement (EIS) for 4 years.
- Rulemaking suspended on 02/19/1981 so a thorough study could be made of the acreage limitation issues.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 10/12/1982

EVENT - Reclamation Reform Act of 1982 (RRA)

New Law (Discretionary Provisions)

- Ownership entitlements increased from 160 to 960 acres.
- Full-cost (unsubsidized rate) charged for land leased in excess of 960 acres.
- Full operation and maintenance (O&M) costs must be paid.
- Class 1 equivalency gives landholders an increased acreage entitlement.

Prior Law

- Ownership entitlement remains at 160 acres.
- As of 04/13/1987, the full-cost rate must be paid for land leased in excess of 160 acres [section 203(b)].

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 10/12/1982

EVENT - Reclamation Reform Act of 1982 (RRA) (continued)

All Landholders/Districts

- Forms must be submitted annually.
- Acreage limitation provisions apply to part-owners of legal entities.
- Residency requirement deleted.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 1985 – 1986

EVENT - Lawsuit Concerning the Submittal of RRA Forms

- The United States sued several districts for not meeting the RRA forms requirements.
- District Court determined the regulations do not conflict with contracts (11/24/1986).
- Secretary may require the districts to withhold the delivery of Reclamation irrigation water to landholders who fail to report or verify their landholdings.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 1986 – 1990

EVENT - Section 203(b) Lawsuit

- Several districts challenged the constitutionality of section 203(b) of the RRA.
- Section 203(b) was upheld by the District Court (04/13/1987) and the Appeals Court (03/14/1990). The Supreme Court did not accept the case.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 12/21/1987

EVENT - Omnibus Budget Reconciliation Act of 1987

- Revocable trusts - land must be attributed to the grantor.
- Interest must be applied to all underpayments.
- The full-cost rate applies to water deliveries made under extended recordable contracts.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 12/21/1987

EVENT - Omnibus Budget Reconciliation Act of 1987 (continued)

- Reclamation must audit landholdings over 960 acres.
- Reclamation must submit annual report to Congress regarding audit findings (requirement eliminated in 1995).

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 1988 – 2000

**EVENT - Natural Resources Defense Council (NRDC) Filed Lawsuit
Challenging the Validity of the 1987/1988 Regulations**

- Court ruled Reclamation had not complied with National Environmental Policy Act (NEPA) (07/26/1991).
- On 03/10/1992 the Court ordered Reclamation to prepare:
 - Westwide rulemaking and EIS.
 - Central Valley Project (CVP) interim rule and EIS.
- Reclamation appealed the order.

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 1988 – 2000

**EVENT - Natural Resources Defense Council (NRDC) Filed Lawsuit
Challenging the Validity of the 1987/1988 Regulations
(continued)**

- Settlement Contract with NRDC (09/1993)
 - Reclamation must prepare westwide rulemaking and EIS.
 - EIS must consider specific topics.

- Amendment to Settlement Contract (12/1996)
 - Reclamation is to obtain comments from the public regarding large trusts and other landholdings exceeding 960 acres.
 - Based on comments received, Reclamation is to prepare proposed and final regulations (resulted in “Farm Operator Rule, 43 CFR 428”).

B. LEGISLATIVE AND LEGAL ACTIONS (continued)

DATE - 1991 – 1993

EVENT - Orange Cove Irrigation District (OCID) Lawsuit

- OCID challenged Reclamation's assessment of compensation charges (full-cost) for landholder failure to submit 1987 RRA forms by the required date.
- The court ruled in favor of OCID.

C. RULES AND REGULATIONS THROUGH THE YEARS

43 CFR PART 426

ACREAGE LIMITATION RULES AND REGULATIONS (RULES)

DATE - 12/06/1983

- First regulations associated with the RRA.
- Implemented the provisions of the RRA.
- Did not include provisions to implement section 203(b).

DATE - 04/13/1987

- Implemented section 203(b).
- Less harsh than the draft regulations.

DATE - 10/26/1987

- Eliminated “gifts” from involuntary acquisition provisions.

C. RULES AND REGULATIONS THROUGH THE YEARS (continued)

43 CFR PART 426

ACREAGE LIMITATION RULES AND REGULATIONS (RULES) [continued]

DATE - 12/16/1988

- Implemented the 1987 RRA amendments.

DATE - 09/03/1991

- Added “Office of Hearings and Appeals” (OHA) level to the appeals provisions.

DATE - 02/23/1995

- Added administrative fees for RRA form violations.

C. RULES AND REGULATIONS THROUGH THE YEARS (continued)

43 CFR PART 426

ACREAGE LIMITATION RULES AND REGULATIONS (RULES) [continued]

DATE - 01/01/1998

- Form submittal thresholds changed (effective 1/1/1997) and the form retention period extended.
- Entitlements for nonresident aliens and foreign entities.
- Treatment of formerly excess land when it is reacquired.
- Various other adjustments.

DATE - 03/25/2002

- Changed addresses for submitting appeals to (1) the Commissioner of Reclamation and (2) the Office of Hearings and Appeals.

C. RULES AND REGULATIONS THROUGH THE YEARS (continued)

43 CFR PART 428

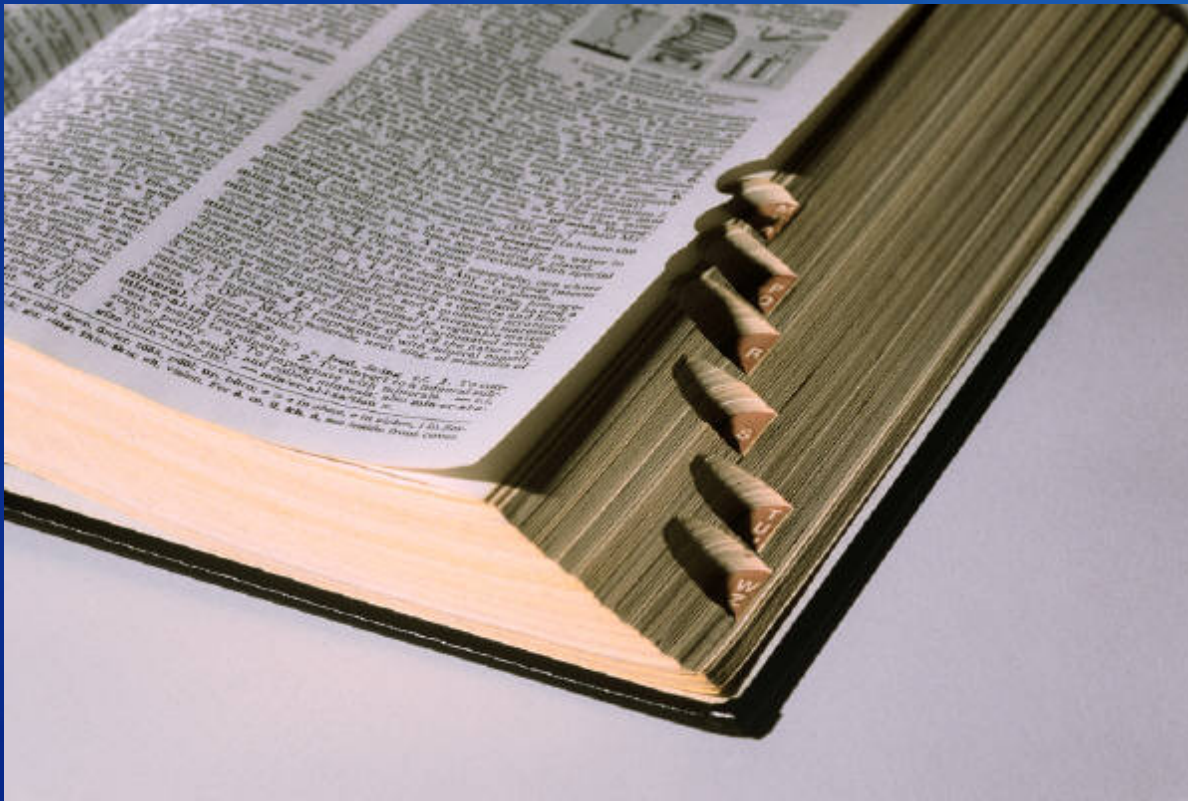
INFORMATION REQUIREMENTS FOR CERTAIN FARM OPERATIONS IN EXCESS OF 960 ACRES AND THE ELIGIBILITY OF CERTAIN FORMERLY EXCESS LAND

DATE - 01/26/00 (All provisions were effective by 01/01/2001)

- Farm operators must submit RRA forms if they provide multiple services to more than 960 acres of land held by trusts and/or legal entities.
- Land in a trust or legal entity may not receive Reclamation irrigation water at the nonfull-cost rate if the farm operator of that land formerly owned the land when it was excess and then sold it at a price approved by Reclamation.

II. FREQUENTLY USED RRA TERMS

RRA – Reclamation Reform Act of 1982



A. TWO-LAYER LEGISLATION

Discretionary Provisions – Section 203 through section 208 of the RRA, except for section 203(b).

Prior Law – The Reclamation Act of 1902, acts amendatory and supplementary thereto that were in effect prior to enactment of the RRA, and as amended by the RRA. Includes section 203(b) and sections 209 through 230 of the RRA.

B. HOW LAND IS “HELD”

Direct – When used in connection with the terms landholder, landowner, lessee, lessor, or owner, means that the party is the owner of record or holder of title, or the lessee of a land parcel as appropriate.

“Hold Land” –

1. Directly or indirectly **own** land,
- OR
2. Directly or indirectly **lease** land.

Indirect – When used in connection with the terms landholder, landowner, lessee, lessor, or owner, means that such party is not the owner of record or holder of title, or the lessee of a land parcel.

C. PARTIES THAT “HOLD LAND”

Landholder – A party that directly or indirectly owns or leases land that is subject to the acreage limitation provisions.

Landowner – A party that directly or indirectly owns land that is subject to the acreage limitation provisions.

Lessee – The party that directly or indirectly leases land from the party that owns that land.

Lessor – The party that directly or indirectly owns land and leases it out to another party.

D. TYPES OF RECIPIENTS

Individual – Any natural person, including his or her spouse, and including other dependents; provided that, under prior law, the term individual does not include a natural person's spouse or dependents.

Limited Recipient – Any legal entity established under State or Federal law benefiting more than 25 natural persons. In order to become limited recipients, legal entities must be subject to the discretionary provisions through either district contract action or by irrevocable election to conform to the discretionary provisions.

D. TYPES OF RECIPIENTS (continued)

Prior Law Recipient – An individual or legal entity that has not become subject to the discretionary provisions.

Qualified Recipient – An individual who is a citizen or a resident alien of the United States or any legal entity established under State or Federal law that benefits 25 natural persons or less. A married couple may become a qualified recipient; individuals and legal entities must be subject to the discretionary provisions through either district contract action or by irrevocable election to conform to the discretionary provisions.

E. TYPES OF ENTITLEMENTS

Acreage Limitation Entitlements – The ownership and nonfull-cost entitlements.

Nonfull-cost Entitlement – The maximum acreage a landholder may hold and irrigate with Reclamation irrigation water at a nonfull-cost rate.

Ownership Entitlement – The maximum acreage a landholder may directly or indirectly own and irrigate with Reclamation irrigation water.

Westwide – The 17 western States where Reclamation projects are located, namely: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

F. TYPES OF LAND

Exempt land – Any land that is not subject to the acreage limitation provisions due to statute or administrative action.

Nonexempt land – either irrigation land or irrigable land that is subject to the acreage limitation provisions. Areas used for field roads, farm ditches and drains, tailwater ponds, temporary equipment storage, and other improvements subject to change at will by the landowner, are included in the nonexempt acreage. Areas occupied by and currently used for homesites, farmstead buildings, and corollary permanent structures such as feedlots, equipment storage yards, permanent roads, permanent ponds, and similar facilities, together with roads open for unrestricted use by the public are excluded from nonexempt acreage. [Emphasis added.]

F. TYPES OF LAND (continued)

Irrigable land – Land so classified by Reclamation under a specific project plan for which irrigation water is, can be, or is planned to be provided, and for which facilities necessary for sustained irrigation are provided or are planned to be provided.

Irrigation land – Any land receiving water from a Reclamation project facility for irrigation purposes in a given water year, except for land that has been specifically exempted by statute or administrative action from the acreage limitation provisions of Federal reclamation law.

F. TYPES OF LAND (continued)

There is a great overlap between the terms “irrigable land” and “irrigation land,” because Reclamation irrigation water is usually delivered to “irrigable land.” What the definition of “irrigation land” provides is how to treat, for acreage limitation purposes land that does not meet the definition of “irrigable land” that nevertheless receives Reclamation irrigation water such as class 6 land, land located outside of a project boundary, etc. By specifying that the delivery of Reclamation irrigation water alone to such land makes that land subject to the acreage limitation provisions, Reclamation, district staff, and landholders know that such land will be (1) considered in determining if RRA forms must be submitted, (2) included on RRA forms, and (3) counted against the landholder’s acreage limitation entitlements.

Based on the definitions of irrigable land, irrigation land, and nonexempt land, we can state the following land **is always** subject to the acreage limitation provisions and, therefore, is counted against the applicable acreage limitation entitlements, **must** be considered in determining if RRA forms must be completed, and **must** be included on RRA forms:

- All irrigable land that meets the definition of “nonexempt land”
- All land receiving Reclamation irrigation water that meets the definition of “nonexempt land” (including unclassified land, golf courses, parks, cemeteries, etc.)

F. TYPES OF LAND (continued)

The following land is counted against acreage limitation entitlements, must be considered in determining if RRA forms must be completed, and must be included on RRA forms **only** if it is receiving Reclamation irrigation water:

- Class 6 land
- Land outside the district or project boundaries

The following land is **not** counted against acreage limitation entitlements, is **not** considered in determining if RRA forms must be completed, and is **not** required to be included on RRA forms:

- Land which has been (1) paid out pursuant to section 213 of the RRA, (2) legislatively exempted, or (3) administratively exempted
- Land that is excluded by the definition of “nonexempt land” (e.g., barns, feedlots, roads open for unrestricted use by the public, etc.)
- Indian trust or restricted land as provided by section 426.16(f) of the Rules
- Fish farms (in accordance with a September 12, 1995, memorandum)

G. WATER RATES

Full-cost Rate – Actual operation and maintenance costs (if applicable) + operation and maintenance deficits funded (if applicable) + construction component + interest on the construction component, as defined by Congress.

Nonfull-cost Rate – Any water rate other than the full-cost rate. Nonfull-cost rates are paid for Reclamation irrigation water made available to land within a landholder's nonfull-cost entitlement.

H. SOME RRA FORMS

Certification and Reporting Forms – Forms on which landholders provide complete information about the directly and indirectly owned and leased lands in their landholdings that are subject to the acreage limitation provisions.

District Summary Forms – Forms on which districts annually summarize information provided on landholder certification and reporting forms.

Irrevocable Election – The legal instrument that a landholder subject to prior law submits to become subject to the discretionary provisions of the RRA.

**III. QUALIFIED RECIPIENT
VS. LIMITED RECIPIENT
VS. PRIOR LAW RECIPIENT**

A. WHAT ARE MY ENTITLEMENTS?

Type of Recipient	Kind of Landholder	Ownership Entitlement	How Applied	Nonfull-cost Entitlement	How Applied
DISCRETIONARY PROVISIONS					
Qualified recipient	Individuals, Married couples, Entities	960 acres	Westwide	960 acres	Westwide
Limited recipient that received Reclamation irrigation water on or prior to 10/01/1981	Entities	640 acres	Westwide	320 acres	Westwide
Limited recipient that did NOT receive Reclamation irrigation water on or prior to 10/01/1981	Entities	640 acres	Westwide	0 acres	Westwide
PRIOR LAW					
Prior law recipient	Individuals, Married couples, Entities	160 acres per individual (generally) 160 acres per corporation	Westwide for land acquired after 12/06/1979 District-by-district for land acquired on or before 12/06/1979	Same as landholder's ownership entitlement	Westwide

B. HOW CAN I CHANGE MY ENTITLEMENTS?

- A landholder can change his/her/its entitlements by changing from being subject to prior law to being subject to the discretionary provisions.
- Once a landholder becomes subject to the discretionary provisions, he/she/it CANNOT change back to being subject to prior law.

Two statutory ways to become subject to the discretionary provisions:

1. The district takes contract action to become subject to the discretionary provisions.
2. A landholder executes an irrevocable election.

C. PROS OF DISCRETIONARY PROVISIONS

- Usually will increase a landholder's ownership entitlement.
- May increase a landholder's nonfull-cost entitlement.
- May increase forms submittal threshold.

D. CONS OF DISCRETIONARY PROVISIONS

- May decrease a landholder's nonfull-cost entitlement.
- A landholder may have to pay a higher water rate (full O&M costs).
- May decrease a landholder's ownership entitlement (not very common).

IV. ATTRIBUTION OF LAND

RECLAMATION

A. GENERAL CONCEPTS CONCERNING ATTRIBUTION

1. A landholder cannot increase acreage limitation entitlements or eligibility by acquiring or holding a beneficial interest in a legal entity. Similarly, the acreage limitation status of an individual or legal entity that holds or has acquired a beneficial interest in another legal entity will not be permitted to enlarge the latter legal entity's acreage limitation entitlements or eligibility. This is a very important concept for limited recipients trying to evade a zero-acre nonfull-cost entitlement. (See the first example in the examples that immediately follow this Section A.)

A. GENERAL CONCEPTS CONCERNING ATTRIBUTION (continued)

2. For purposes of determining acreage to be counted against acreage limitation entitlements, acreage will be attributed to all (a) direct landowners in proportion to the direct beneficial interest the landowners own in the land and (b) indirect landowners in proportion to the indirect beneficial interest they own in the land.

Note: This means that acreage can and will be attributed to multiple parties if entities own or lease the land. See the second example in the examples that immediately follow this section A.

A. GENERAL CONCEPTS CONCERNING ATTRIBUTION (continued)

3. Leased land will be attributed to the direct and indirect landowners as well as to the direct and indirect lessees.

Note: This means that acreage that is leased out will be counted at least twice – once against the landowners' acreage limitation entitlements and once against the lessee's nonfull-cost entitlements. This is very important for landowners, because they cannot reduce the amount of land being counted against their entitlements by leasing some of their owned land to another party. See the third example in the examples that immediately follow this section A.

A. GENERAL CONCEPTS CONCERNING ATTRIBUTION (continued)

4. If land is held by a direct landholder and a series of indirect landholders, attribution will be to the entitlements of the direct landholder and each indirect landholder in proportion to each landholder's beneficial interest in the entity that directly holds the land.

Note: Again, when legal entities are involved, the land will be attributed to both the direct landholder and the indirect landholder. In addition, there is no limitation as to the number of levels to which the land will be attributed. See the second example in the examples that immediately follow this section A.

A. GENERAL CONCEPTS CONCERNING ATTRIBUTION (continued)

5. Any land a landholder directly or indirectly owns and that is directly or indirectly leased back will only count once against that particular landholder's nonfull-cost entitlement.

Note: Any particular acre of land will only count once against the acreage limitation entitlements of any specific landholder. For acreage limitation purposes, this is called a double-counting adjustment that must be reflected on RRA forms. Double-counting adjustments are made using specific columns in the indirectly held land section of most standard RRA forms.

A. GENERAL CONCEPTS CONCERNING ATTRIBUTION (continued)

6. For purposes of determining eligibility, the entire landholding will be attributed to all the direct and indirect landholders. If the interests in a legal entity are: (a) undivided, then all of the indirect part owners must be eligible in order for the entity to be eligible or (b) divided, in such a manner that specific parcels are attributable to each indirect landholder, then the entity may qualify for eligibility on those portions of the landholding not attributable to any part owner who is ineligible.

Note: In general, all direct and indirect landowners and lessees associated with any specific parcel of land must be in compliance with the acreage limitation provisions in order for that land to be eligible to receive Reclamation irrigation water. This provision provides an exception when interests are alienable and separable (divided interest).

B. EXAMPLES

1. A limited recipient that did not receive Reclamation irrigation water on or before October 1, 1981, may not purchase another limited recipient that first received water in 1978 in order to obtain a 320-acre nonfull-cost entitlement. On the other hand, if a limited recipient that has a 320-acre nonfull-cost entitlement purchases a limited recipient that did not receive Reclamation irrigation water on or prior to October 1, 1981, that purchase will not affect the acquiring entity's 320-acre nonfull-cost entitlement.
2. If Mr. A is a 50-percent owner of Entity X which in turn is a 50-percent owner of Entity Y, which in turn is a 50-percent owner of Entity Z, and Entity Z directly owns 500 acres, then there will be the following attribution – 500 acres to Entity Z, 250 acres to Entity Y, 125 acres to Entity X, and 62.5 acres to Mr. A.

B. EXAMPLES (continued)

3. Farmer H is a qualified recipient who owns 1,000 acres. Farmer H leases 100 acres to Farmer K in order to not have to designate 40 acres as excess land. Unfortunately, Farmer H will still have to designate 40 acres as excess land because all 1,000 acres are still counted against Farmer H's ownership entitlement, even though Farmer H is not farming 100 of the 1,000 acres. Those 100 acres are also counted against Farmer K's nonfull-cost entitlement.
4. Mr. and Mrs. Grumpy are subject to the prior law provisions, which gives them a 320-acre entitlement. For tax purposes, they would like the title to their 320 acres held in a family-owned corporation, which is also subject to the prior law provisions. If they take this action, 160 acres would become ineligible because under prior law Grumpy Incorporated is only eligible for a 160-acre ownership entitlement.

V. EXCESS LAND AND FULL-COST LAND

A. EXCESS LAND

Excess land means nonexempt land that is in excess of a landowner's maximum ownership entitlement under the applicable provisions of Federal reclamation law.

Nonexcess land means nonexempt land that is within a landowner's maximum ownership entitlement under the applicable provisions of Federal reclamation law.

A. EXCESS LAND (continued)

Excess land is possible for every kind of landholder, regardless of their acreage limitation status.

Excess land is designated on a Form 7-21XS (Designation of Excess Land).

Failure to designate land as excess may ultimately result in the District or Reclamation making the designation.

Designations are binding on the land. Once land is designated as excess in general it can only become eligible to receive Reclamation irrigation water if it is sold or transferred to an eligible buyer at an approved price. There is an opportunity to redesignate excess land.

B. REDESIGNATING EXCESS LAND

In general, if a landholder wishes to redesignate excess land to nonexcess, such requests must be approved by Reclamation. The landowner may change the designation from excess to nonexcess without Reclamation's approval under the following conditions:

- Excess land becomes eligible because the landowner becomes subject to the discretionary provisions,
- Recordable contract is amended to remove excess land when landowner becomes subject to the discretionary provisions, and
- Excess land becomes eligible due to Class 1 equivalency.

B. REDESIGNATING EXCESS LAND (continued)

When Reclamation must approve a redesignation request, the primary considerations are:

- Whether the redesignation is in the best interest of the United States.
- Whether undue hardship to the landholder would result if a redesignation request were to be denied.
- Whether the proposed redesignation is consistent with all other applicable provisions of Reclamation law and policy.

B. REDESIGNATING EXCESS LAND (continued)

Reclamation will not approve a redesignation request under the following circumstances:

- The purpose of the redesignation is for achieving, through repeated redesignation, an effective farm size in excess of that permitted.
- The landowner sells some or all of his or her land that is currently classified as excess.
- Land cannot be redesignated after the land has received Reclamation irrigation water during that water year.

C. LEASING EXCESS LAND FROM A PUBLIC ENTITY

Land leased from a public entity is shown as owned land by a landholder. Should a landholder lease public entity land in excess of his ownership entitlement, the landholder must show that land as excess and file a Designation of Excess Land Form 7-21XS. Land leased from a public entity which has been designated excess can be redesignated annually. This is an exception to the redesignation criteria as detailed on the previous slide.

D. FULL-COST LAND

A landholder that has exceeded his or her nonfull-cost entitlement may select in each water year, from his or her directly held nonexempt land, the land that can be irrigated at a nonfull-cost rate and the land that can be irrigated only at the full-cost rate. Selections may include:

- Leased land.
- Nonexcess owned land.
- Land under recordable contract (unless already subject to a full-cost rate).
- Any combination of all three.

D. FULL-COST LAND (continued)

Once a landholder has received Reclamation irrigation water on a given land parcel during a water year, the selection of that parcel as full cost or nonfull cost is binding for that water year.

Land subleased will be attributed to the sublessee and not to the lessee.

Full-cost rates vary Westwide by district.

Full-cost rates include an interest component.

There are two full-cost rates: 202(3) - the lower full-cost rate, and 205(a)(3) - the higher full-cost rate. The higher full-cost rate only applies to prior law recipients selecting land in excess of the nonfull-cost entitlement and limited recipients that did not receive Reclamation irrigation water prior to October 1, 1981.

VI. OPPORTUNITIES TO EXCEED THE ACREAGE LIMITATION ENTITLEMENTS

A. CLASS 1 EQUIVALENCY

- Class 1 Equivalency is limited to:
 1. Landholders that are subject to the discretionary provisions, **and**
 2. Landholders that have land located in a district that has requested and received class 1 equivalency factors from Reclamation.

Note: Landholders with class 2, 3, or 4 land are given increased ownership entitlements equivalent in production potential to 960 acres of class 1 land (640 acres for limited recipients).

A. CLASS 1 EQUIVALENCY (continued)

- Equivalency factors are established by Reclamation by comparing the weighted average farm size required to produce a given level of income on each of the lower classes of land with the farm size required to produce that income level on Class 1 land.
- Class 1 equivalency factors are applied on a district-by-district basis.
- Land that is not classified is considered to be Class 1 land.

A. CLASS 1 EQUIVALENCY (continued)

Districts with Class 1 Equivalency	
Region	Number
PN	5
MP	13
LC	0
UC	3
GP	3
Total	24

B. INVOLUNTARY ACQUISITIONS

- For acreage limitation purposes, an involuntary acquisition includes an involuntary foreclosure or similar involuntary process of law, conveyance in satisfaction of a debt (including, but not limited to a mortgage, real estate contract, or deed of trust), inheritance, or devise.
- The RRA includes a special application of the acreage limitation provisions to land that is involuntarily acquired. Briefly, if land is involuntarily acquired, and it was nonexcess in the previous owner's landholding, the landholder may designate the land as excess and receive Reclamation irrigation water at the rate applicable to the former owner for 5 years.

B. INVOLUNTARY ACQUISITIONS (continued)

QUESTION: What does “devise” mean?

ANSWER: A testamentary disposition of real or personal property. Basically the transfer of real or personal property through a will.

QUESTION: Can a landholder designate involuntarily acquired land as excess even if they have ownership entitlement available?

ANSWER: Yes. A landholder can designate any land as excess regardless of how much nonexcess land they may own and what ownership entitlement is applicable.

B. INVOLUNTARY ACQUISITIONS (continued)

QUESTION: When does the 5-year time period commence?

ANSWER: The 5-year period begins on the date of involuntary acquisition. In the case of inheritance and similar involuntary acquisition, the 5-year period begins on the date of the death of the former landowner.

QUESTION: If the landholder makes a good faith effort to sell the land, but is not able to in the 5 years provided, will Reclamation extend the time the involuntarily acquired land designated as excess can receive Reclamation irrigation water?

ANSWER: No. The 5-year period is firm.

B. INVOLUNTARY ACQUISITIONS (continued)

QUESTION: Does Reclamation make an exception if it takes a year or two for an estate to be cleared?

ANSWER: No

QUESTION: What happens at the end of the 5-year period?

ANSWER: The land becomes ineligible to receive Reclamation irrigation water until sold to an eligible buyer or redesignated as nonexcess by the landowner.

B. INVOLUNTARY ACQUISITIONS (continued)

QUESTION: Why would a landholder want to designate nonexcess land as excess, since excess land cannot be sold without Reclamation approving the sale price?

ANSWER: If the nonexcess land is designated as excess under the involuntary acquisition provisions, in general it may be sold without price approval and it can still get Reclamation irrigation water for 5 years.

QUESTION: How does a landholder benefit from designating nonexcess land involuntarily acquired as excess?

B. INVOLUNTARY ACQUISITIONS (continued)

ANSWER: If the landholder already owns his maximum amount of acreage that can be eligible to receive Reclamation irrigation water or the involuntarily acquired land will put the landholder over the ownership entitlement, then by designating the involuntarily acquired land as excess, the landholder will be able to receive Reclamation irrigation water on land that would otherwise be ineligible to receive such water. The involuntary acquisition provisions can also be used as a planning tool. For example, if a landholder is not sure if he/she/it wants to keep a parcel of involuntarily acquired land, it may be better to initially designate the land as excess and farm the land while deciding what to do with the land.

Another reason why a landholder may want to designate such land as excess is to take advantage of a lower price for water that was available to the previous owner. For example, let's say the contract rate is \$2.00 per acre-foot and the full O&M rate is \$5.00 per acre-foot. If the former owner was subject to the prior law provisions, they were probably able to take advantage of the lower rate. If the new owner is subject to the discretionary provisions, then the higher rate will have to be paid, unless the new owner designates the land as excess under the involuntary acquisition provisions. However, be aware that the new owner cannot use the involuntary acquisition provisions to avoid the higher rate if the new owner intends to eventually redesignate the land in question as nonexcess.

B. INVOLUNTARY ACQUISITIONS (continued)

Where can I find out more about involuntary acquisitions?

- The RRA – Sections 216 and 224(e)
- The Acreage Limitation Rules and Regulations – Section 426.14
- RRA Fact Sheet Number 13 - Involuntary Acquisitions and the RRA
- Form 7-21XS – Designation of Excess Land
- RRA Website – www.usbr.gov/rra

C. RECORDABLE CONTRACTS

What is a Recordable Contract?

- A recordable contract is a written contract between Reclamation and a landowner providing for the disposition of land owned by that landowner in excess of the landowner's ownership entitlement. (Note: A recordable contract can only be entered into if a landowner meets the qualifications defined in a district's contract with Reclamation, Federal reclamation law, and the Acreage Limitation Rules and Regulations.)

What's Good About a Recordable Contract?

- By entering into a recordable contract, a landowner can make excess land eligible to receive Reclamation irrigation water for 5 years.

C. RECORDABLE CONTRACTS (continued)

Sounds Too Good To Be True

Other conditions that apply to recordable contracts are:

- Generally, a landowner may not buy himself into excess and then place the excess land under a recordable contract (the land must be excess in that landowner's landholding at the time the district's contract with Reclamation is executed) or Reclamation takes a regulatory action that makes eligible land ineligible.
- The landowner must agree to dispose of the excess land to an eligible buyer within 5 years.
- Generally, the land must be sold at a price approved by Reclamation -- a price that does not consider the value of the project (i.e., cannot include the value of Reclamation irrigation water).

C. RECORDABLE CONTRACTS (continued)

Sounds Too Good To Be True (continued)

Applicable water rates for land under recordable contract:

1. Contract rate – If both the landowner and any lessees are prior law recipients.
2. Full O&M rate (at a minimum) – If either the landowner or any lessees are subject to the discretionary provisions.
3. Full-cost rate – If the landowner leases out the recordable contract land and the lessee is in excess of his nonfull-cost entitlement.

D. OTHER OPPORTUNITIES

Three other opportunities to exceed the acreage limitation entitlements exist – exempt land, commingling, and isolated tracts.

1. **Exempt Land:** Once a district repays the construction cost obligation set forth in its repayment contract(s) with Reclamation, the land in the district becomes exempt from the ownership and full-cost pricing provisions of Federal reclamation law. However, unless a district's contract meets the criteria for early payout, this repayment may only be made as per the terms of the contract (e.g., a 40-year contract repayment term can only be repaid in 40 years.)

D. OTHER OPPORTUNITIES (continued)

A limited number of districts have contract terms that allow individual landowners to payout early. In such cases, if an individual landowner pays out the landowner's share of the district's construction cost obligation, the landowner's land (in the subject district) becomes exempt from the ownership and full-cost pricing provisions of Federal reclamation law.

Additionally, land may become exempt because of legislation passed by Congress. Refer to section 426.16 of the Acreage Limitation Rules and Regulations for more information.

D. OTHER OPPORTUNITIES (continued)

- 2. Commingling:** For acreage limitation purposes, when you commingle water you are mixing Reclamation irrigation water with nonproject irrigation water in the same facility. Generally, if Reclamation facilities are used to commingle Reclamation irrigation water and nonproject water (as defined in a district's contract), the nonproject water will be subject to acreage limitation provisions unless the district collects and pays to the United States an incremental fee.
- 3. Isolated Tracts:** In rare cases an isolated tract may exist. These are tracts of land that can only be farmed economically if included in an existing farming operation (e.g., the right-of-way along railroad tracts). If an isolated tract determination is requested by a landowner and approved by Reclamation, the land in question will not count against the ownership entitlement, but will count against the applicable nonfull-cost entitlement.

VII. OTHER LANDHOLDERS

RECLAMATION

A. TRUSTS AND ESTATES

Why is Reclamation interested in trusts and estates?

- Section 214 of the RRA provides an exemption from the acreage limitation provisions to trustees if certain criteria are met.
- This exemption can and does result in trusts being able to hold more than 960 acres that are eligible to receive Reclamation irrigation water at the nonfull-cost rate. The acreage limitation entitlements of a trust are only limited by the acreage limitation entitlements to whom land held by the trust must be attributed, be it the trustees, grantors, or beneficiaries.

A. TRUSTS AND ESTATES (continued)

For acreage limitation purposes, Reclamation has divided all trusts into three categories:

- Irrevocable trusts
- Grantor revocable trusts
- Otherwise revocable trusts

A. TRUSTS AND ESTATES (continued)

What criteria are applicable to trusts?

The following criteria, which can be found in 43 CFR 426.7(b)(1), are applicable to all trusts. All trusts must:

- (a) Be in writing and approved by Reclamation.
- (b) Identify the beneficiaries.
- (c) Identify the trust interests of the beneficiaries.

A. TRUSTS AND ESTATES (continued)

What criteria are applicable to trusts? (continued)

In addition, the following criteria, which can be found in 43 CFR 426.7(b)(2) and (3), are applicable to revocable trusts:

- Trust must identify the conditions under which the trust may be revoked or terminated.
- Trust must identify the grantor (trustor).
- Trust must identify the recipients of the trust land upon revocation or termination.

A. TRUSTS AND ESTATES (continued)

What criteria are applicable to trusts? (continued)

QUESTION: How does Reclamation know if a trust has met the applicable criteria?

ANSWER: All trusts must be reviewed and approved by Reclamation, even if the “Declaration of Trust’s or Estate’s Landholdings” (Form 7-21TRUST) does not have to be submitted for the trust (e.g., the trust holds less than the RRA forms submittal threshold). For those trusts for which a Form 7-21TRUST is submitted, review of that form alone is not sufficient to meet this requirement.

A. TRUSTS AND ESTATES (continued)

Attribution of land held in trusts

Whether a trust meets the criteria will determine to whom the land held in trust will be attributed. In the following overview, the criteria that **all trusts** must meet will be referred to as the “general criteria,” while the criteria that **only revocable trusts** must meet will be referred to as the “revocable trust criteria.”

A. TRUSTS AND ESTATES (continued)

Attribution of land held in trusts (continued)

1. Trusts that meet all the criteria.

If an irrevocable trust **meets all of the general criteria**, the land held in trust will be **attributed to the beneficiaries**.

If a revocable trust **meets all of the criteria** (both the revocable trust criteria and the general criteria), attribution will be as follows:

- For a grantor revocable trust: Attribution to the grantor.
- For an otherwise revocable trust: Attribution to the beneficiaries.

A. TRUSTS AND ESTATES (continued)

Attribution of land held in trusts (continued)

2. Trusts that do NOT meet all the criteria.

If an irrevocable trust does not meet any ONE of the general criteria, the land held in that trust will be attributed to the trustee. For example, if a trust is in writing and identifies the beneficiaries but does not identify the interests of the beneficiaries, then attribution will be to the trustee.

A. TRUSTS AND ESTATES (continued)

Attribution of land held in trusts (continued)

2. Trusts that do NOT meet all the criteria. (continued)

If a **grantor revocable trust** fails to meet **any one of the general or revocable trust criteria**, for example it does not identify to whom the land will be conveyed upon revocation, the land held in trust will be **ineligible to receive Reclamation irrigation water** until all of the criteria are met. The only exception is if the trust's and grantor's RRA forms indicate that the land held by the trust has been attributed to the grantor.

A. TRUSTS AND ESTATES (continued)

Attribution of land held in trusts (continued)

2. Trusts that do NOT meet all the criteria. (continued)

If an **otherwise revocable trust** fails to meet **any one of the general criteria**, but **meets the revocable trust criteria**, then the land is **attributed to the trustee**. For an otherwise revocable trust, if Reclamation cannot determine who will hold the land in trust upon revocation or termination of the trust or who is the grantor, then the land held in trust will be **ineligible to receive Reclamation irrigation water**, regardless of whether the general criteria have been met, until the revocable trust criteria have been met.

A. TRUSTS AND ESTATES (continued)

Class of beneficiaries

A class of beneficiaries is a situation where individuals or entities are not specifically named in the trust document. Rather, the trust refers to a group of individuals or entities, such as all of a person's grandchildren.

QUESTION: Is a class of beneficiaries acceptable for acreage limitation purposes?

ANSWER: Yes, but only since January 1, 1998.

A. TRUSTS AND ESTATES (continued)

Estates

- The RRA does not specifically address estates. However, Reclamation treats estates in the same manner as trusts if the following criteria are met:
 - An estate must have an administrator, specified by a will or through the courts, who is responsible for the estate's assets, **and**
 - Identified beneficiaries (heirs).
- If both the above characteristics are met, attribution is to the heirs.
- If neither of the characteristics exist, then it must be determined who is receiving Reclamation irrigation water on the land in question and by whose authority in determining what RRA forms are required.
- If there is an administrator but no identified beneficiaries, then the land held by the estate is attributable to the administrator.
- If there is no administrator but identified beneficiaries/heirs have title to the land in question, then an estate does not exist for RRA purposes.

A. TRUSTS AND ESTATES (continued)

Trusts, estates, and the RRA forms

QUESTION: Why are the RRA forms for trusts and estates green, and why is it a declaration form instead of a certification or reporting form?

ANSWER: Attribution of the land held in a trust or estate will always be to the beneficiaries, grantor, trustee, or administrator (executor). Therefore, the trust or estate itself is never considered to be a prior law recipient, qualified recipient, or limited recipient. In late 1995/early 1996, a team that was formed to redesign the RRA forms determined that due to the unique circumstances concerning how acreage limitations apply to trusts, estates, and public entities, such “entities” would complete “declaration” forms rather than certification or reporting forms. In addition, to distinguish these forms from certification and reporting forms, declaration forms would be printed with green ink. Thus, we have the “Declaration of Trust’s or Estate’s Landholdings,” Form 7-21TRUST.

A. TRUSTS AND ESTATES (continued)

Trusts, estates, and the RRA forms (continued)

QUESTION: What forms are required for trusts and estates?

ANSWER: Form 7-21TRUST must be completed for each trust and estate whose total westwide landholding exceeds the forms submittal threshold.

QUESTION: What forms are required for the beneficiaries or heirs of a trust or estate?

ANSWER: Each beneficiary or heir must complete the appropriate RRA form based on acreage limitation status and whether the amount of land held in the trust or estate exceeds the appropriate RRA forms submittal threshold.

A. TRUSTS AND ESTATES (continued)

Trusts, estates, and the RRA forms (continued)

Where can I find out more about trusts and estates?

- The RRA – Section 214.
- The Acreage Limitation Rules and Regulations – Section 426.7.
- RRA Fact Sheet Number 12 - Trusts and Estates and the RRA
- Form 7-21INFO – General Information About the RRA Forms.
- Instructions for Form 7-21TRUST – Declaration of Trust's or Estate's Landholdings.

B. NONRESIDENT ALIENS AND FOREIGN ENTITIES

- A **nonresident alien** means any natural person who is neither a citizen nor a resident alien of the United States.
- A foreign entity means a legal entity not established under State or Federal law.
- All nonresident aliens and foreign entities have the applicable prior law entitlements as their base acreage limitation entitlements for all land held in prior law districts and all land held indirectly in discretionary provisions districts.
- Any land held directly in a discretionary provisions district by a nonresident alien or foreign entity has and continues to be ineligible to receive Reclamation irrigation water.

B. NONRESIDENT ALIENS AND FOREIGN ENTITIES (Continued)

- Nonresident aliens who are citizens of, and foreign entities that are established in, countries that meet certain criteria have the option of conforming to the discretionary provisions to increase their acreage limitation entitlements for land held indirectly in all districts. By conforming to the discretionary provisions, a nonresident alien or foreign entity will no longer have the option of owning or leasing land directly in prior law districts and have such land be eligible to receive Reclamation irrigation water.
- Nonresident aliens and foreign entities do not automatically become qualified or limited recipients; rather, they must submit an irrevocable election designed for nonresident aliens and foreign entities with supporting documents.
- The acreage limitation provisions applicable to nonresident aliens and foreign entities are found in section 426.8 of the Acreage Limitation Rules and Regulations.

C. RELIGIOUS OR CHARITABLE ORGANIZATIONS

- A **religious or charitable organization** is an organization that is exempt from paying Federal taxes under section 501 of the Internal Revenue Code of 1954, as amended.
- An organization may call itself a religious or charitable organization, but for acreage limitation purposes, it is not such an organization unless it has a section 501 tax exemption.
- Examples of religious or charitable organizations:
 - Churches
 - Foundations
 - Youth Ranches
 - Boy Scouts of America National Council

C. RELIGIOUS OR CHARITABLE ORGANIZATIONS (continued)

- The RRA and the Rules also address subdivisions of religious or charitable organizations.
- Examples of subdivisions of religious or charitable organizations:
 - Congregations
 - Parishes
 - Troops
 - Wards
 - Chapters
 - Stakes
 - Branches
 - Schools
 - Dioceses



RECLAMATION

C. RELIGIOUS OR CHARITABLE ORGANIZATIONS (continued)

- Religious or charitable organizations do not automatically fall into qualified, limited, or prior law recipient status. Several factors must be evaluated in order to determine what status an organization can have. Section 219 of the RRA provides such organizations with special treatment if they meet certain criteria:
 - (1) The agricultural produce and the proceeds of sales of such produce are directly used only for charitable purposes,
 - (2) Said land is operated by said individual religious or charitable entity or organization (or subdivision thereof), **and**
 - (3) No part of the net earnings of such religious or charitable entity or organization shall inure to the benefit of any private shareholder or individual.

C. RELIGIOUS OR CHARITABLE ORGANIZATIONS (continued)

- An organization that meets the Section 219 criteria will be treated as follows:
 - If the organization is subject to the discretionary provisions, the organization and each of its subdivisions will be treated as separate qualified recipients.
 - If the organization is subject to prior law, the organization and each of its subdivisions will be treated as separate prior law corporations.

C. RELIGIOUS OR CHARITABLE ORGANIZATIONS (continued)

- An organization that does not meet the Section 219 criteria will be treated as follows:
 - If the organization is subject to the discretionary provisions and it is the central organization that does not meet the criteria, the central organization and its subdivisions are affected.
 - If the organization is subject to the discretionary provisions and it is a subdivision that does not meet the criteria, the subdivision and any subdivisions under it will be affected. The central organization and other subdivisions are not affected.
 - The affected central organization or subdivision will be considered an entity. Reclamation will assume the organization is a limited recipient unless the entity can demonstrate that it benefits 25 or fewer natural persons.
 - If the organization is subject to prior law, then the entire organization, including all subdivisions, will be treated as one prior law corporation.

C. RELIGIOUS OR CHARITABLE ORGANIZATIONS (continued)

Where can I find more information concerning religious or charitable organizations?

- The Acreage Limitation Rules and Regulations – Section 426.9.
- Form 7-21INFO – General Information About the RRA Forms.
- Instructions to Forms 7-2184 and 7-2194.
- Summary of District Responsibilities.
- Internal Revenue Service Publication 78.

D. PUBLIC ENTITIES

Public entity means States (State Department of Natural Resources, State Department of Agriculture, etc.), political subdivisions or agencies thereof (counties and cities), and agencies of the Federal Government (U.S. Forest Service, Bureau of Land Management, etc.).

The RRA forms requirements apply to all public entities.

Acreage limitations do not apply to public entities with respect to land public entities farm primarily for nonrevenue-producing functions.

Public entity land does not need to be sold at a Reclamation-approved price in order to be eligible to receive Reclamation irrigation water even if the land is designated as excess land.

Public entities can lease their land to eligible landholders (counts against both the lessee's ownership and nonfull-cost entitlements).

RECLAMATION

D. PUBLIC ENTITIES (continued)

Where can I find out more information on public entities?

- Act of July 7, 1970 (43 U.S.C. 425).
- The Acreage Limitation Rules and Regulations – Sections 426.5(a) and 426.10.
- Instructions to Forms 7-21INFO and 7-21PE.

E. INDIAN SITUATIONS

- Indian trust land and restricted land are excluded from application of the acreage limitation provisions.
- Indian tribes that hold non-trust or non-restricted land are to be treated in the same way as public entities.
- Individual Indians that hold non-trust or non-restricted lands are treated in the same way as any other individual for RRA purposes.

E. INDIAN SITUATIONS (continued)

Where can I find more information on Indians?

- The Acreage Limitation Rules and Regulations – Section 426.16(f).

VIII. LEASING AND FARM OPERATING ARRANGEMENTS

A. WHY IS RECLAMATION INTERESTED IN LEASING?

The simple answer is that in enacting the RRA, Congress and the President told Reclamation it needed to be interested in the leasing of lands receiving Reclamation irrigation water. Prior to October 12, 1982, Reclamation was **not** interested in leases involving land receiving Reclamation irrigation water. The key difference between the pre-October 12, 1982, acreage limitation entitlements and the post-October 12, 1982, situation is that a new entitlement, which we now call the “nonfull-cost entitlement,” was created. That entitlement requires that all land leased directly and indirectly, as well as land owned directly and indirectly, be taken into consideration.

B. WHAT IS A LEASE?

The Rules provide the following definition of lease:

“Lease means any arrangement between a landholder (the lessor) and another party (the lessee) under which the economic risk and the use or possession of the lessor's land is partially or wholly transferred to the lessee. If a management arrangement or consulting agreement is one in which the manager or consultant performs a service for the landholder for a fee, but does not assume the economic risk in the farming operation, and the landholder retains the right to the use and possession of the land, is responsible for payment of the operating expenses, and is entitled to receive the profits from the farming operation, then the agreement or arrangement will not be considered to be a lease.” [43 CFR 426.2]

B. WHAT IS A LEASE? (continued)

Accordingly, for acreage limitation purposes a lease has the following characteristics:

1. The economic risk associated with farming the land in question is partially or wholly transferred to a party other than the lessor.
2. The use or possession of the land in question is partially or wholly transferred to a party other than the lessor.
3. A party other than the lessor is responsible for payment of operating expenses.
4. A party other than the lessor is entitled to receive the profits from the farming operation.

C. WHAT IS NOT A LEASE?

The converse of the four criteria listed before play the key role in determining if a farm operating arrangement is not a lease. Specifically:

1. The lessor is subject to all of the economic risk associated with the farming of the land in question.
2. The lessor retains the right to the use and possession of the land in question.
3. The lessor is responsible for payment of operating expenses.
4. The lessor is entitled to receive the profits from the farming operation.

Most leases involve one party paying another party (usually the lessor [landowner]) for the use of the land.

C. WHAT IS NOT A LEASE? (continued)

QUESTION: Does money actually have to be exchanged for a lease to have been created for acreage limitation purposes?

ANSWER: No. For example, Reclamation considers most sharecropping arrangements to be leases, because by taking a portion of the crop in question as payment, the party other than the lessor (landowner) has assumed a portion of the economic risk.

D. CRITERIA APPLICABLE TO ALL LEASES

Districts can make Reclamation irrigation water available to leased land only if the lease meets the following requirements.

1. The lease is in writing;
2. The lease includes the effective date and term of the lease, the length of which must be:
 - (A) 10 years or less, including any exercisable options; however, for perennial crops with an average life longer than 10 years, the term may be equal to the average life of the crop as determined by Reclamation, and
 - (B) in no case may the term of a lease exceed 25 years, including any exercisable options;

D. CRITERIA APPLICABLE TO ALL LEASES (continued)

3. The lease includes a legal description of the land subject to the lease that is at least as detailed as what is required on the standard certification and reporting forms;
4. Signatures of all parties to the lease are included;
5. The lease includes the date(s) or conditions when lease payments are due and the amounts or the method of computing the payments due;

D. CRITERIA APPLICABLE TO ALL LEASES (continued)

6. The lease is available for Reclamation's inspection and Reclamation reviews and approves all leases for terms longer than 10 years; and
7. If either the lessor or the lessee is subject to the discretionary provisions, the lease provides for agreed upon payments that reflect the reasonable value of the irrigation water to the productivity of the land.

Note: Two of the criteria listed above were not effective until January 1, 1998. They are: the lease includes a legal description of the land subject to the lease that is at least as detailed as what is required on the standard certification and reporting forms, and signatures of all parties to the lease are included. For any lease agreed to before January 1, 1998, these two criteria do not have to be met until that lease is renewed.

D. CRITERIA APPLICABLE TO ALL LEASES (continued)

QUESTION: If a landowner has traditionally leased out his land using an oral agreement is the Federal Government saying he/she must now have a written lease?

ANSWER: Yes, if that landowner or the lessee wants to receive Reclamation irrigation water on the land in question. This has been a requirement since October 1982.

E. EXCEPTIONS TO THE LEASE CRITERIA

1. **Term of the lease.** Leases of lands for the production of perennial crops having an average life of more than 10 years may be for periods of time equal to the average life of the perennial crop but in any event not to exceed 25 years. (Reference section 227 of the RRA and section 426.6(a) of the Rules.)

All leases with terms exceeding 10 years, including any exercisable options, must be submitted to Reclamation for approval. The landholder must submit specific cropping information with such leases, since the maximum term of the lease will be based on the average life of the predominant perennial crop being grown.

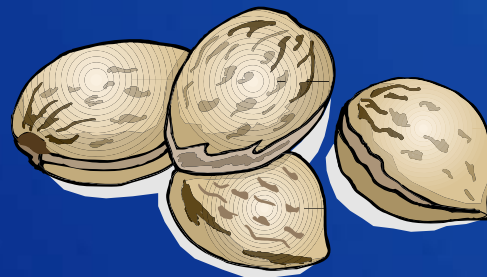
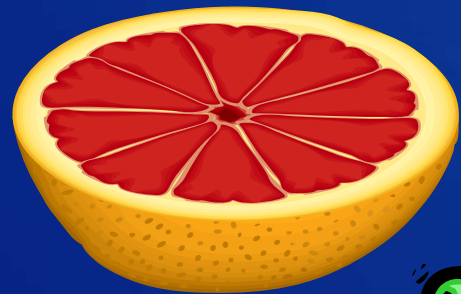


RECLAMATION

E. EXCEPTIONS TO THE LEASE CRITERIA (continued)

QUESTION: What does Reclamation consider to be a “perennial” crop?

ANSWER: A list of perennial crops and the average lifespan in years is in a District Westwide Mailing dated February 5, 2004.



RECLAMATION

E. EXCEPTIONS TO THE LEASE CRITERIA (continued)

2. **Farm Operating Arrangements.** Farm operating arrangements (management agreements, consulting arrangements, etc.) which meet specific criteria will not be considered leases, and therefore, will be exempt from the application of the nonfull-cost entitlement.

F. WHY IS RECLAMATION INTERESTED IN FARM OPERATING ARRANGEMENTS?

The Omnibus Budget Reconciliation Act of 1987 included the following provision:

“In addition to any other audit or compliance activities which may otherwise be undertaken, the Secretary of the Interior, or his designee, shall conduct a thorough audit of the compliance with the reclamation law of the United States, specifically including this Act, by legal entities and individuals subject to such law. At a minimum, the Secretary shall complete audits of those legal entities and individuals whose landholdings or operations exceed 960 acres. . . .”

F. WHY IS RECLAMATION INTERESTED IN FARM OPERATING ARRANGEMENTS? (continued)

Even before this provision was enacted, Reclamation realized that if it focused only on those farming arrangements that were called “leases” by the parties involved, it would be very easy to avoid the restrictions on leasing imposed by the RRA by simply not calling an agreement a “lease.”

Reclamation realizes that not every type of farming arrangement will necessarily trigger application of full-cost pricing. For example, a custom harvester will not be considered a lessee of the land, since the harvester is only providing one service for the landholder. However, Reclamation also realizes that as farm operators provide additional services, they gradually take on the appearance of lessees. Therefore, Reclamation established specific criteria which, if met, result in the farm operator, manager, consultant, etc., not being considered a lessee for acreage limitation purposes and, therefore, not being subject to full-cost pricing.

F. WHY IS RECLAMATION INTERESTED IN FARM OPERATING ARRANGEMENTS? (continued)

The Rules address farm operating arrangements within the definition of “lease” as follows:

“. . .If a management arrangement or consulting agreement is one in which the manager or consultant performs a service for the landholder for a fee, but does not assume the economic risk in the farming operation, and the landholder retains the right to the use and possession of the land, is responsible for payment of the operating expenses, and is entitled to receive the profits from the farming operation, then the agreement or arrangement will not be considered to be a lease.” (43 CFR 426.2 – Definition of “lease”)

G. CRITERIA APPLICABLE TO ALL FARM OPERATING ARRANGEMENTS

In order not to be considered a lease, the farm operating agreement must provide that:

1. The farm operator, manager, or consultant receives a fee for service(s) and that fee is not based on the productivity of the land, the results of the services provided, how well the market is doing, etc. A fixed fee per acre plus expenses approved by the landholder is a way of ensuring the farm operator is not assuming a portion of the economic risk for acreage limitation purposes. Generally, for farm operating arrangements the landholder is paying the farm operator to provide a service. Remember, with a lease the payment is going in the other direction--the lessee pays the landowner to use the land.

G. CRITERIA APPLICABLE TO ALL FARM OPERATING ARRANGEMENTS (continued)

2. The landholder retains the right to the use and possession of the land.
3. The landholder is responsible for payment of operating expenses.
4. The landholder is entitled to receive the profits from the farming operation.

G. CRITERIA APPLICABLE TO ALL FARM OPERATING ARRANGEMENTS (continued)

If a farm operating arrangement has the following characteristics, will Reclamation determine that farm operating arrangement to be a lease?

ELEMENTS OF THE ARRANGEMENT	IS THIS A LEASE?
Economic risk and use and possession of the land	Yes
Economic risk and use of the land, but not possession	Yes
Economic risk and possession of the land, but not use	Yes
Economic risk, but no possession or use of the land	No
Use and possession of the land, but no economic risk	No
Use of the land, but no possession and no economic risk	No
Possession of the land, but no use and no economic risk	No
No economic risk and no use or possession of the land	No

G. CRITERIA APPLICABLE TO ALL FARM OPERATING ARRANGEMENTS (continued)

43 CFR Part 428 also addresses requirements for farm operators

- Establishes which farm operators must annually submit an RRA form (Form 7-21FARMOP). Specifically, only those farm operators who provide multiple services to more than 960 acres westwide held by a single trust or legal entity or any combination of trusts and legal entities.
- Restricts the delivery of Reclamation irrigation water to farm operators who formerly owned the land in question as excess and sold that land at an approved price.

G. CRITERIA APPLICABLE TO ALL FARM OPERATING ARRANGEMENTS (continued)

Where can I find out more about leases and farm operating arrangements?

- The RRA – Section 227.
- The Acreage Limitation Rules and Regulations – Section 426.6.
- Information Requirements for Certain Farm Operations in Excess of 960 Acres and the Eligibility of Certain Formerly Excess Land - 43 CFR Part 428.
- RRA Fact Sheet 4 - What Are My Entitlements as a Qualified Recipient?
- RRA Fact Sheet 6 - What Are My Entitlements as a Limited Recipient?
- RRA Fact Sheet 8 - What Are My Entitlements as a Prior Law Recipient?

IX. RRA FORMS, THE FOUNDATION OF THE PROGRAM

Clear Form

Help

Required Information

Instructions Link

OMB CONTROL NO.: 1006-0006

FORM 7-21SUMM-C 2008

DISTRICT SUMMARY OF CERTIFICATION AND DECLARATION FORMS

1. District Name:	2. IDCON Number:
3. Project, unit, and/or division name:	4. Region:

(7-07)

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Do not use this form after December 31, 2008. Type or print in ink. Date and initial crossouts and corrections. Visit www.usbr.gov/irra for more information.

5(a). District's forms submittal category for the 2008 water year (check one): 1 2

5(b). Will the District deliver Reclamation irrigation water this year (check one): YES NO

Help Item 6

	(a) Number of Landholders	(b) Number of Multidistrict Landholders	Acreage Directly Owned		Acreage Leased FROM Other Parties		Excess Acreage		Full-Cost Acreage		Acreage Leased TO Other Parties	
			(c) Number	(d) Acres	(e) Number	(f) Acres	(g) Number	(h) Acres	(i) Number	(j) Acres	(k) Number	(l) Acres
6. Individuals and entities												
Qualified Recipients 80 through 960 (For districts with forms submittal category 2 only)												
Qualified recipients 240 through 960 (For districts with forms submittal category 1 only)												
Qualified recipients over 960												
Limited recipients 40 through 320												
Limited recipients over 320 through 640												
Limited recipients over 640												
Subtotal for individuals and entities												
7. Trusts and estates												
40 through 960												
Over 960												
Subtotal for trusts and estates												
8. Public entities												
9. Religious and charitable organizations												
10. Landholdings below certification threshold												
11. Noncertifying landholdings above certification threshold												
12. TOTAL												

Note

13. I ATTEST THAT THIS INFORMATION IS BASED ON LANDHOLDERS' CERTIFICATION FORMS AND ACCURATELY REPRESENTS THE INFORMATION SUBMITTED BY THE LANDHOLDERS. I FURTHER ATTEST THAT ALL KNOWN ERRORS, OMISSIONS, AND DISCREPANCIES IN THE LANDHOLDERS' FORMS ARE LISTED ON FORM 7-21SUMM-C, TABULATION E. THIS FORM MUST BE SIGNED AND DATED BY AN AUTHORIZED DISTRICT OFFICIAL.

Signature

Title

Date

Please read

Print Form

A. RECLAMATION'S AUTHORITY TO REQUIRE THE SUBMITTAL OF RRA FORMS

As part of the RRA, Congress provided clear instructions that Reclamation was to administer the acreage limitation provisions of Federal reclamation law. In order to facilitate this requirement, Congress included a forms requirement in section 206 of the RRA.

A. RECLAMATION'S AUTHORITY TO REQUIRE THE SUBMITTAL OF RRA FORMS (continued)

“As a condition to the receipt of irrigation water for lands in a district which has a contract as specified in section 203, each landowner and lessee within such district shall furnish the district, in a form prescribed by the Secretary, a certificate that they are in compliance with the provisions of this title including a statement of the number of acres leased, the term of any lease, and a certification that the rent paid reflects the reasonable value of the irrigation water to the productivity of the land. The Secretary may require any lessee to submit to him, for his examination, a complete copy of any such lease executed by each of the parties thereto.”

(43 U.S.C. 390ff)

A. RECLAMATION'S AUTHORITY TO REQUIRE THE SUBMITTAL OF RRA FORMS (continued)

What Congress specifically required is that a certification must be submitted to the district **before** Reclamation irrigation water can be delivered to certain water users. However, this provision is limited to those water users who are subject to the discretionary provisions. So, how is it that Reclamation requires all landholders, even prior law recipients, to submit RRA forms and requires that information concerning owned land, part owners of entities, etc., be included on such forms?

A. RECLAMATION'S AUTHORITY TO REQUIRE THE SUBMITTAL OF RRA FORMS (continued)

The simple answer is that Congress included an all encompassing provision concerning information collection in section 224 of the RRA as follows:

“(c) The Secretary may prescribe regulations and shall collect all data necessary to carry out the provisions of this title and other provisions of Federal reclamation law.” (43 U.S.C. 390ww)

When Reclamation began to require prior law recipients to submit RRA forms based on the Acreage Limitation Rules and Regulations, the requirement was challenged in Federal Court. On November 24, 1986, the United States District Court for the Eastern District of Washington upheld the regulations and the requirement that prior law recipients submit RRA forms as a condition to receiving Reclamation irrigation water.

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS

It is important that everyone who works on acreage limitation matters understands exactly what is included in the RRA forms requirements. Accordingly, the regulatory provisions are discussed in-depth.

43 CFR 426.18 Landholder information requirements.

“(a) Definition for purposes of this section:

Irrigation season means the period of time between the district's first and last water delivery in any water year.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(b) Who must provide information to Reclamation? All landholders and other parties involved in the ownership or operation of nonexempt land must provide Reclamation, as required by these regulations or upon request, any records or information, in a form suitable to Reclamation, deemed reasonably necessary to implement the RRA or other provisions of Federal reclamation law.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

It is through the statutory provisions (Section 224 [c] of the RRA) and this provision that Reclamation has the authority to require the submittal of any information Reclamation needs to verify what the landholder has provided on his/her/its RRA form. For example, if a landholder is claiming not to have a lease with a farm operator, Reclamation can require the farm operator to provide a copy of the farm operating arrangement. If parents have told Reclamation that their 7- and 8-year-old children are independent, Reclamation can require them to submit copies of their Federal tax returns so Reclamation may determine if they have claimed the children as dependents for tax purposes.

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

Reclamation can also request the information it needs to ensure any acreage limitation program requirements are being met. For example, if a lease arrangement does not seem to meet the criteria, Reclamation can require that supporting documentation be submitted. If Reclamation needs water delivery records from a district in order to issue full-cost bills, the district is statutorily required to provide that information regardless of what their contract may state. If there is a limited recipient that only holds 20 acres, so no RRA forms are submitted, Reclamation can require information be provided to determine if the full-cost rate is applicable.

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(c) Required form submissions.

1. Landholders who are subject to the discretionary provisions must annually submit standard certification forms, except as provided in paragraph (l) of this section.
2. Landholders who make an irrevocable election must submit the standard certification forms with their irrevocable election in the year that they make the election.
3. Landholders who are subject to prior law must annually submit standard reporting forms, except as provided in paragraph (l) of this section.
4. Landholders who qualify under an exemption as specified in paragraph (g) of this section need not submit any forms.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(d) *Required information.* Landholders must declare on the appropriate certification or reporting forms all nonexempt land that they hold directly or indirectly westwide and other information pertinent to their compliance with Federal reclamation law.”

“(e) *District receipt of forms and information.* Landholders must submit the appropriate, completed form(s) to each district in which they directly or indirectly hold irrigation land.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(f) *Certification or reporting forms for wholly owned subsidiaries.* The ultimate parent legal entity of a wholly owned subsidiary or of a series of wholly owned subsidiaries must file the required certification or reporting forms. The ultimate parent legal entity must disclose all direct and indirect landholdings of its subsidiaries as required on such forms.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(g) *Exemptions from submitting certification and reporting forms.*

(1) A landholder is exempt from submitting the certification and reporting forms only if:

(i) The landholder's district has Category 1 status, as specified in paragraph (h) of this section, and the landholder is a:

(A) Qualified recipient who holds a total of 240 acres westwide or less; or

(B) Limited recipient or a prior law recipient who holds a total of 40 acres westwide or less.

(ii) The landholder's district has Category 2 status, as specified in paragraph (h) of this section, and the landholder is a:

(A) Qualified recipient who holds a total of 80 acres westwide or less; or

(B) Limited recipient or a prior law recipient who holds a total of 40 acres westwide or less.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(2) A wholly owned subsidiary is exempted from submitting certification or reporting forms, if its ultimate parent legal entity has properly filed such forms disclosing the landholdings of each of its subsidiaries.

(3) In determining whether certification or reporting is required for purposes of this section:

- (i) Class 1 equivalency factors as determined in section 426.11 shall not be used; and
- (ii) Indirect landholders need not count involuntarily acquired acreage designated as excess by the direct landowner.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

Prior to January 1, 1997, the RRA forms submittal threshold for all landholders was 40 acres held westwide. The rules were revised to provide a tiered RRA forms submittal threshold starting with the 1997 water year as shown in the following table.

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

Landholder Status	District RRA Forms Submittal Category 1	District RRA Forms Submittal Category 2
Qualified recipient	240 acres	80 acres
Limited recipient	40 acres	40 acres
Prior law recipient	40 acres	40 acres
Public entities	40 acres	40 acres
Religious or charitable organization that is subject to the discretionary provisions and meets all of the criteria	240 acres	80 acres
Religious or charitable organization that is subject to the prior law provisions	40 acres	40 acres

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

Landholder Status	District RRA Forms Submittal Category 1	District RRA Forms Submittal Category 2
Trusts and estates in a discretionary provisions district and the land held in trust is ultimately attributed to 25 natural persons or less	240 acres	80 acres
Trusts and estates in a discretionary provisions district and the land held in trust is ultimately attributed to more than 25 natural persons	40 acres	40 acres
Trusts and estates in a prior law district and the land held in trust is attributed to landholders who are all subject to the discretionary provisions	Not applicable	80 acres
Trusts and estates in a prior law district and the land held in trust is not attributed to landholders who are all subject to the discretionary provisions	Not applicable	40 acres

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(h) *District categorization.*

(1) For purposes of this section each district has Category 2 status, unless the following criteria have been met. If the district has met both criteria, it will be granted Category 1 status.

(i) The district has conformed by contract to the discretionary provisions; and

(ii) The district is current in its financial obligations to Reclamation.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(2) Reclamation considers a district current in its financial obligation if as of September 30, the district is current in its:

- (i) Financial obligations specified in its contract(s) with Reclamation; and
- (ii) Payment obligations established by the RRA, and these rules.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(i) *Application of Category 1 status.* Once a district achieves Category 1 status, it will only be withdrawn if the Regional Director determines the district is not current in its financial obligations as specified in paragraph (h)(2) of this section. The withdrawal of Category 1 status will be effective at the end of the current water year and can be restored only as provided under paragraph (h) of this section. With the withdrawal of Category 1 status, the district will have a Category 2 status.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(j) *Submissions by landholders holding land in both a Category 1 district and a Category 2 district.* If a qualified recipient holds land in a Category 1 district, then the 240-acre forms threshold will be applicable in determining if the landholder must submit a certification form to that Category 1 district. If the same qualified recipient also holds land in a Category 2 district, then the 80-acre forms threshold will be applicable in determining if the landholder must submit a certification form to the Category 2 district.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(k) Notification requirements for landholders whose ownership or leasing arrangements change after submitting forms. If a landholder's ownership or leasing arrangements change in any way:

(1) During the irrigation season, the landholder must:

(i) Notify the district office, either verbally or in writing within 30 calendar-days of the change; and

(ii) Submit new forms to all districts in which the landholder holds nonexempt land, within 60 calendar-days of the change.

(2) Outside of the irrigation season, then the landholder must submit new standard certification or reporting forms to all districts in which nonexempt land is held prior to any irrigation water deliveries following such changes.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(l) Notification requirements for landholders whose ownership or leasing arrangements have not changed. If a landholder's ownership or leasing arrangements have not changed since last submitting a standard certification or reporting form, the landholder can satisfy the annual certification or reporting requirements by submitting a verification form instead of a standard form. On that form the landholder must verify that the information contained on the last submitted standard certification or reporting form remains accurate and complete.”

Note: This provision does not apply to trusts that include a class of beneficiaries or to farm operators.

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(m) Actions taken if required submission(s) is not made.

(1) If a landholder does not submit required certification or reporting form(s), then:

(i) The district must not deliver, and the landholder is not eligible to receive and must not accept delivery of, irrigation water in any water year prior to submission of the required certification or reporting form(s) for that water year; and

(ii) Eligibility will be regained only after all required certification or reporting forms are submitted by the landholder to the district.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(2) If one or more part owners of a legal entity do not submit certification or reporting forms as required:

- (i) The entire entity will be ineligible to receive irrigation water until such forms are submitted; or
- (ii) If the documents forming the entity provide for the part owners' interest to be separable and alienable, then only that portion of the land attributable to the noncomplying part owners will be ineligible to receive irrigation water.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(n) Actions taken by Reclamation if a landholder makes false statements on the appropriate certification or reporting forms. If a landholder makes a false statement on the appropriate certification or reporting form(s) Reclamation can prosecute the landholder pursuant to the following statement which is included in all certification and reporting forms:

Under the provisions of 18 U.S.C. 1001, it is a crime punishable by 5 years imprisonment or a fine of up to \$10,000, or both, for any person knowingly and willfully to submit or cause to be submitted to any agency of the United States any false or fraudulent statement(s) as to any matter within the agency's jurisdiction. False statements by the landowner or lessee (or farm operator) will also result in loss of eligibility. Eligibility can only be regained upon the approval of the Commissioner.”

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(o) Information requirements and Office of Management and Budget approval. The information collection requirements contained in this section have been approved by the Office of Management and Budget under 44 U.S.C. 3501 et seq. and assigned control numbers 1006-0005 and 1006-0006. The information is being collected to comply with Sections 206, 224(c), and 228 of the RRA. These sections require that, as a condition to the receipt of irrigation water, each landholder in a district which is subject to the acreage limitation provisions of Federal reclamation law, as amended and supplemented by the RRA, will furnish to his or her district annually a certificate/report which indicates that he or she is in compliance with the provisions of Federal reclamation law. Completion of these forms is required to obtain the benefit of irrigation water. The information collected on each landholding will be summarized by the district and submitted to Reclamation in a form prescribed by Reclamation.”

(Note: A third set of RRA forms has been approved by the Office of Management and Budget and assigned control number 1006-0023.)

RECLAMATION

B. THE REGULATORY REQUIREMENTS CONCERNING RRA FORMS (continued)

“(p) *Protection of forms pursuant to the Privacy Act of 1974.* The Privacy Act of 1974 (5 U.S.C. 552) protects the information submitted in accordance with certification and reporting requirements. As a condition to execution of a contract, Reclamation requires the inclusion of a standard contract article which provides for district compliance with the Privacy Act of 1974 and 43 CFR Part 2, Subpart D, in maintaining the landholder certification and reporting forms.”

C. LANDHOLDER FORMS: “STANDARD” AND “NONSTANDARD”

A standard RRA form is a form on which the landholder provides complete information about the directly and indirectly owned and leased nonexempt land in his/her/its landholdings. The term “standard form” is actually defined in section 426.2 of the Acreage Limitation Rules and Regulations. In the past, standard forms were called “long” forms, “base” forms, and “basic” forms.

A nonstandard form supplements the standard forms. For example, a verification form (Form 7-21VERIFY) verifies the information the landholder provided on his/her/its standard form submitted for an earlier water year.

Later in this section are tables of RRA forms that are “standard” and “nonstandard.”

D. THE DIFFERENCE BETWEEN “STANDARD” FORMS, “NONSTANDARD” FORMS, AND OTHER FORMS

QUESTION: Why are the forms different colors?

ANSWER: Reclamation uses colors to help distinguish groups of forms. Since the forms were first issued for the 1984 water year, certification forms (forms to be used by qualified and limited recipients and discretionary provisions districts) have been blue and reporting forms (forms to be used by prior law recipients and prior law districts) have been brown.

Forms that can be used by anyone, such as continuation sheets and the “General Information About the RRA Forms” (Form 7-21INFO) are in black and white.

D. THE DIFFERENCE BETWEEN “STANDARD” FORMS, “NONSTANDARD” FORMS, AND OTHER FORMS (continued)

ANSWER (continued): Starting with the 1997 water year, additional colors were added to the RRA forms rainbow. Green forms are used by landholders to which acreage limitations are not directly applied. Forms used by trusts (Form 7-21TRUST), public entities (Form 7-21PE), and farm operators (Form 7-21FARMOP) are green. Red forms are used by all landholders, regardless of their acreage limitation status for addressing land that exceeds acreage limitation entitlements. These include the form for designating excess land (Form 7-21XS) and the form for selecting full-cost land (Form 7-21FC). Prior to the year 2000, the verification form (Form 7-21VERIFY) was also red in color. However, based on public comment, Reclamation changed the color of that form to purple starting with the 2000 water year.

TABLE 1 - STANDARD FORMS

Number	Name	Other Numbers Used
7-2180	Certification of Individual's Landholdings	N/A
7-2180EZ	"EZ" Certification of Individual's Landholdings	N/A
7-2181	Certification of Entity's Landholdings	N/A
7-2184	Certification of Religious or Charitable Organization's Landholdings	N/A
7-2190	Report of Individual's Landholdings	N/A
7-2190EZ	"EZ" Report of Individual's Landholdings	N/A
7-2191	Report of Entity's Landholdings	N/A
7-2194	Report of Religious or Charitable Organization's Landholdings	N/A
7-21PE	Declaration of Public Entity's Landholdings	7-2183 and 7-2193
7-21TRUST	Declaration of Trust's or Estate's Landholdings	N/A - Formerly reported holdings on a 7-2181 and 7-2191
7-21FARMOP	Declaration of Farm Operator Information	N/A

Form Colors and their meanings:

Blue – Discretionary Provisions

Brown – Prior Law

Green – Either Discretionary or Prior Law

TABLE 2 – NONSTANDARD FORMS

Number	Name	Other Numbers Used
7-21XS	Designation of Excess Land	7-2188 and 7-2198
7-21FC	Selection of Full-Cost Land	7-2189 and 7-2199
7-21VERIFY	Verification of Landholdings	7-2187 and 7-2197
7-21CONT-O	Continuation Sheet for Directly Owned Landholdings	N/A
7-21CONT-L	Continuation Sheet for Directly Leased Landholdings	N/A
7-21CONT-I	Continuation Sheet for Indirectly Held Landholdings	N/A
7-21XSINAQ	Attachment Sheet for Form 7-21XS	N/A
7-21PE-IND	Attachment Sheet for Form 7-21PE (Identification of Individually Held Land)	N/A
N/A (discontinued in 1992; however, some districts may still have forms on file)	Leasing Change Form	7-2185 and 7-2195

Text Key (for those using the electronic version of RRA 101)

Colored Text = Form with colored ink

White Text = Black and White Form

E. USES FOR SPECIFIC FORMS

QUESTION: What is an “EZ” form and when can it be used?

ANSWER: The two “EZ” forms (7-2190EZ and 7-2180EZ) were created to provide individuals who have relatively simple landholdings with a shorter RRA form to complete. However, in order to use either of these forms, certain criteria must be met:

E. USES FOR SPECIFIC FORMS (continued)

Criteria that must be met to use an EZ form:

- All of the land subject to acreage limitations must be located in one district;
- All of the land held must be directly owned or leased (you cannot own or lease any land through a legal entity, trust, or in the names of children or other dependents);
- The total amount of land owned or leased cannot exceed the applicable acreage limitation entitlements (e.g., 960 acres for a qualified recipient);
- The landholder is not a dependent; and
- If subject to the discretionary provisions, either the landholder or the landholder's spouse must be a United States citizen or resident alien.

FORM 7-2190EZ 2008

"EZ" REPORT OF INDIVIDUAL'S LANDHOLDINGS (Prior Law Provisions)

Districts must complete the "District Name" and "Date Received" boxes.

District Name:

DATE RECEIVED:

Help - Date Received Block

(7-07)
BUREAU OF RECLAMATION

Do not use this form after December 31, 2008. It is important that you read the separate instructions that accompany this form before completing it. If you did not receive these instructions, please contact your district office. Type or print in ink. Date and initial crossouts and corrections. Visit www.usbr.gov/rra for more information.

You may use this form ONLY IF: (1) All your landholdings subject to acreage limitation provisions are located in only one district, (2) your landholdings subject to acreage limitation provisions total 160 acres or less (320 acres for a married couple, if each spouse holds an equal interest), (3) you directly hold all your landholdings (that is, the land is not owned or leased through any type of legal entity, such as a corporation, trust, estate, or partnership, or in the names of your children or other dependents), (4) you are not a dependent, **AND** (5) you are subject to the prior law provisions. If you do not meet all of these requirements, do not complete this form. Please contact your district office to obtain the proper form.

1. Landholder name:

2(b). If you responded "widowed" to item 2(a), as the surviving spouse were you left with more than 160 acres of land that is eligible to receive Reclamation irrigation water until it is sold? YES NO

2(a). Marital status:

2(c). Number of acres held prior to death of spouse:

3. Spouse name:

4(a). Landholder's street address or rural route number, city, state, and ZIP code:

4(b). Mailing address if different from street address:

5(a). Telephone number where questions can be directed: ()

5(b). Contact person:

6. Check the box that indicates your citizenship status. If you are a nonresident alien, also enter the country of which you are a citizen.

	Self	Spouse	Country of Citizenship
U.S. Citizen			
Resident Alien			
Nonresident Alien			

7. LAND YOU OWN

List all irrigable and/or irrigation land parcels that are 100-percent owned by you. Include land you lease from a public entity here. Identify such land as leased from a public entity and include the name of that public entity after the legal description of the land. You are completing the wrong form if you own land (but not 100-percent interest), or own any land through an entity. The proper form(s) can be obtained from your district office. For additional space, use Form 7-21CONT-O or your own similar continuation sheet.

If using Form 7-21CONT-O or a continuation sheet, READ

(a) Legal Description of Land Parcel(s) or Assessor's Parcel Number (There is space to list four different parcels [one parcel per line] if they all are operated by the same natural person or entity)	(b) Operated by: (check one)			(c) Identification of Lessee, Sublessee, or Other Operator	Date Information		(f) Number of Acres
	Self	Lessee/ Sublessee	Other		(d) Starting Date (m/d/yr)	(e) Ending Date (m/d/yr)	
				Name:	/ /	/ /	
				Address:	/ /	/ /	
				Telephone:	/ /	/ /	
				Name:	/ /	/ /	
				Address:	/ /	/ /	
				Telephone:	/ /	/ /	
				Name:	/ /	/ /	
				Address:	/ /	/ /	
				Telephone:	/ /	/ /	

8. TOTAL NUMBER OF ACRES YOU OWN

E. USES FOR SPECIFIC FORMS (continued)

QUESTION: What is a “verify” form and when can it be used?

ANSWER: The Form 7-21VERIFY was created to simplify the annual forms completion process for those landholders whose landholdings have not changed since the last standard RRA form was submitted. In order to use this concept as much as possible, if the only change a landholder has experienced since the last standard form was submitted was the extension or renewal of an annual lease or change in operator, then the Form 7-21VERIFY may also be used for the annual submittal. However, the extension or renewal of an annual lease cannot be for more than 12 months.

A Form 7-21VERIFY **cannot** be used to verify a Form 7-21FARMOP and cannot be used to verify a Form 7-21TRUST if a class of beneficiaries is included in the trust, even if there have been no changes since the last standard form was submitted.

FORM 7-21 VERIFY 2008

(7-07)

BUREAU OF RECLAMATION

VERIFICATION OF LANDHOLDINGS

For Certification and Reporting Requirements of the Reclamation Reform Act of 1982

Districts must complete the "District Name" and "Date Received" boxes.

District Name:

DATE RECEIVED:

Help - Date Received Block

Do not use this form after December 31, 2008. It is important that you read the separate instructions that accompany this form before completing it. If you did not receive these instructions, please contact your district office. Type or print in ink. Date and initial crossouts and corrections. Visit www.usbr.gov/rra for more information.

1. This form verifies the information on the following previously submitted RRA form(s) [the date the specified form was signed]:

Help/Date

- 7-2180, Dated: ___/___/___ 7-2180EZ, Dated: ___/___/___ 7-2181, Dated: ___/___/___ 7-2184, Dated: ___/___/___
- 7-2190, Dated: ___/___/___ 7-2190EZ, Dated: ___/___/___ 7-2191, Dated: ___/___/___ 7-2194, Dated: ___/___/___
- 7-21PE, Dated: ___/___/___ 7-21TRUST, Dated: ___/___/___ 7-21XS, Dated: ___/___/___ 7-21FC, Dated: ___/___/___

2. _____ (Enter the name of the landholder exactly as it appears on the standard form which this form verifies.

Religious and charitable organizations must include a taxpayer identification number if the standard form this form is verifying is dated prior to 1996.)

(WE) ATTEST THAT THE INFORMATION I(WE) PREVIOUSLY SUBMITTED CONCERNING THE LANDHOLDINGS OF THE LANDHOLDER NAMED ABOVE, ON THE FORM(S) SPECIFIED ABOVE AND ANY ASSOCIATED RRA FORMS, REMAINS TRUE, ACCURATE, AND COMPLETE TO THE BEST OF MY(OUR) KNOWLEDGE. ALSO, I(WE) ATTEST THAT I(WE) HAVE CORRECTLY IDENTIFIED ALL OPERATORS AND LESSEES (OTHER THAN THE LANDHOLDER NAMED ABOVE) OF ALL LAND OWNED AND LEASED BY THE LANDHOLDER NAMED ABOVE. I(WE) AGREE THAT ANY CHANGE IN THE LANDHOLDINGS INFORMATION DECLARED IN THIS VERIFICATION WILL BE PROVIDED VERBALLY TO THE DISTRICT(S) WITHIN 30 CALENDAR DAYS OF SUCH CHANGE, AND A NEW FORM(S) WILL BE FILED WITH THE DISTRICT(S) WITHIN 60 CALENDAR DAYS OF SUCH CHANGE.

3(a). Street address or rural route number, city, state, and ZIP code of landholder/trustee/executor/administrator:

3(b). Mailing address if different from street address:

4(a). Telephone number where questions can be directed: ()

4(b). Contact person:

ANNUAL LEASE RENEWAL OR ANNUAL LEASE EXTENSION

Complete if applicable. For additional space, use page 2 of this form or your own similar attachments. See this form's separate instructions for further guidance regarding annual leases.

5(a). Name of other party to the annual lease:

5(b). Effective date of the annual lease renewal or extension:

5(c). Length of annual lease renewal or extension (cannot exceed 12 months):

5(d). District name:

5(e). Legal description of land parcel(s) or assessor's parcel number:

CHANGE IN OPERATOR Complete if applicable. For additional space, use page 2 of this form or your own similar attachments.

6(a). Name of previous operator:

6(b). Name of new operator:

6(c). District name:

6(d). Legal description of land parcel(s) or assessor's parcel number:

7. **SIGNATURE(S)** Attention: This verification must be signed and dated. Please read the attestation statement in item 2 above before signing.

Signature of Landholder/Trustee/Executor/Administrator/Authorized Agent

Date

Signature of Spouse or Other Required Signature

Date

Signator's Title or Office Held (if applicable)

Other Required Signature

Date

Other Required Signature

Date

Other Required Signature

Date

Under the provisions of 18 U.S.C. 1001, it is a crime punishable by 5 years imprisonment or a fine of up to \$10,000, or both, for any person to knowingly and willfully submit or cause to be submitted to any agency of the United States any false or fraudulent statement(s) as to any matter within the agency's jurisdiction. False statements by the landowner or lessee will also result in loss of eligibility. Eligibility can only be regained upon the approval of the Commissioner.

This verification is required by Public Law 97-293. Failure to verify can result in prosecution and/or loss of water deliveries from Federal reclamation projects. Information obtained in this verification is protected by the Privacy Act of 1974, system of records notice INTERIOR/WBR-31, and will be used to administer the acreage limitation provisions of Federal reclamation law. The Secretary of the Interior or the district may require additional information in order to administer these laws. The Secretary may also require a copy of your lease(s).

E. USES FOR SPECIFIC FORMS (continued)

QUESTION: What is a continuation sheet and when can it be used?

ANSWER: The three continuation sheets were created to provide an easy means for landholders to include information for which there is not enough room on the standard RRA forms. The use of these continuation sheets is optional.

FORM 7-21CONT-O 2008

CONTINUATION SHEET FOR DIRECTLY OWNED LAND For Certification and Reporting Requirements of the Reclamation Reform Act of 1982

(7-07)

BUREAU OF RECLAMATION

Do not use this form after December 31, 2008. Refer to the instructions of the form for which you are preparing this continuation sheet. You may use this continuation sheet for additional space when listing directly owned land, or you may use your own similar continuation sheet. Type or print in ink. Date and initial crossouts and corrections. Only landholders subject to prior law provisions should complete column (h). Use as many of these continuation sheets as necessary. Visit www.usbr.gov/rra for more information.

LANDHOLDER NAME(S):

THIS FORM IS A CONTINUATION OF FORM 7-21 _____ DATED _____

LAND THE LANDHOLDER DIRECTLY OWNS

(a) District Name	(b) Legal Description of Land Parcel(s) or Assessor's Parcel Number(s) (There is space to list four different parcels [one parcel per line] if they all are operated by the same natural person or entity in the same district.)	(c) Operated by: (check one)			(d) Identification of the Lessee, Sublessee, or Other Operator	Lease Information		(g) Number of Acres	(h) PRIOR LAW ONLY Was Land Acquired After 12/06/79?	
		Self	Lessee/ Sublessee	Other		Help/ Date			YES	NO
						(e) Starting Date (m/d/yr)	(f) Ending Date (m/d/yr)			
					Name:	/ /	/ /			
					Address:	/ /	/ /			
						/ /	/ /			
					Telephone:	/ /	/ /			
					Name:	/ /	/ /			
					Address:	/ /	/ /			
						/ /	/ /			
					Telephone:	/ /	/ /			
					Name:	/ /	/ /			
					Address:	/ /	/ /			
						/ /	/ /			
					Telephone:	/ /	/ /			
					Name:	/ /	/ /			
					Address:	/ /	/ /			
						/ /	/ /			
					Telephone:	/ /	/ /			

Next page

E. USES FOR SPECIFIC FORMS (continued)

QUESTION: Other than the exceptions included in the Rules, are there any landholders who do not have to submit RRA forms annually?

ANSWER: If a landholder **only** holds land through a legal entity, trust, or estate, and **all** the information included on the **previously submitted** standard RRA forms remains current, the landholder does not have to submit an RRA form.

F. DISTRICT SUMMARY FORMS

QUESTION: What are summary forms?

ANSWER: Summary forms are used by districts to annually provide information to Reclamation concerning landholders who did and did not submit RRA forms. Districts must submit a summary form even if all landholders in the district are below the applicable forms submittal threshold.

Clear Form

Help

Required Information

Instructions Link

OMB CONTROL NO.: 1006-0006

FORM 7-21SUMM-C 2008

DISTRICT SUMMARY OF CERTIFICATION AND DECLARATION FORMS

1. District Name:	2. IDCON Number:
3. Project, unit, and/or division name:	4. Region:

(7-07)

BUREAU OF RECLAMATION

Do not use this form after December 31, 2008. Type or print in ink. Date and initial crossouts and corrections. Visit www.usbr.gov/irra for more information.

5(a). District's forms submittal category for the 2008 water year (check one): 1 2

5(b). Will the District deliver Reclamation irrigation water this year (check one): YES NO

Help Item 6

	(a) Number of Landholders	(b) Number of Multidistrict Landholders	Acreage Directly Owned		Acreage Leased FROM Other Parties		Excess Acreage		Full-Cost Acreage		Acreage Leased TO Other Parties	
			(c) Number	(d) Acres	(e) Number	(f) Acres	(g) Number	(h) Acres	(i) Number	(j) Acres	(k) Number	(l) Acres
6. Individuals and entities												
Qualified Recipients 80 through 960 (For districts with forms submittal category 2 only)												
Qualified recipients 240 through 960 (For districts with forms submittal category 1 only)												
Qualified recipients over 960												
Limited recipients 40 through 320												
Limited recipients over 320 through 640												
Limited recipients over 640												
Subtotal for individuals and entities												
7. Trusts and estates												
40 through 960												
Over 960												
Subtotal for trusts and estates												
8. Public entities												
9. Religious and charitable organizations												
10. Landholdings below certification threshold												
11. Noncertifying landholdings above certification threshold												
12. TOTAL												

Note

13. I ATTEST THAT THIS INFORMATION IS BASED ON LANDHOLDERS' CERTIFICATION FORMS AND ACCURATELY REPRESENTS THE INFORMATION SUBMITTED BY THE LANDHOLDERS. I FURTHER ATTEST THAT ALL KNOWN ERRORS, OMISSIONS, AND DISCREPANCIES IN THE LANDHOLDERS' FORMS ARE LISTED ON FORM 7-21SUMM-C, TABULATION E. THIS FORM MUST BE SIGNED AND DATED BY AN AUTHORIZED DISTRICT OFFICIAL.

Signature

Title

Date

Please read

Print Form

G. OTHER FORMS

There is a set of four RRA forms that Reclamation sends directly to landholders to confirm their acreage limitation status and applicable entitlements. In general, these landholders are not required to submit forms annually because their westwide landholdings do not exceed the applicable RRA forms submittal threshold.

- Limited Recipient Identification Sheet (Form 7-2536)
- Trust Information Sheet (Form 7-2537)
- Public Entity Information Sheet (Form 7-2565)
- Religious or Charitable Organization Identification Sheet (7-2578)

There are a number of other “forms” that are used as part of the acreage limitation program. These include irrevocable elections, signature authorizations, etc. Most of these are voluntarily submitted on the part of landholders in order to increase their entitlements (e.g., Parental Affirmation Regarding Nondependent Status of a Minor) or to ease an acreage limitation requirement (e.g., Spousal Signature Authorization Form).

G. OTHER FORMS (continued)

QUESTION: What is a Form 7-21INFO?

ANSWER: The “General Information About the RRA Forms” (Form 7-21INFO) is not really a form at all. Rather, it is a resource that provides answers to the most frequently asked questions concerning the RRA forms, additional information, and a definitions section.

FORM 7-21INFO 2008 Instructions

(7-07)

GENERAL INFORMATION ABOUT THE RRA FORMS

Bureau of Reclamation
Do not use this form after December 31, 2008

OMB Control No.: 1006-0005

GENERAL INFORMATION

You will find definitions of words used in all RRA forms at the end of this "General Information About the RRA Forms" (Form 7-21INFO). It is important that you refer to these definitions because many words have special meanings when used in these forms that differ from their common meanings.

Examples of words with special definitions are "landholder," "direct" and "indirect" (when used in conjunction with owning, leasing, or holding land), and "irrigation land" and "irrigable land." Other terms and corresponding definitions that are specific to the RRA forms are:

- "Land" or "acres" means irrigable and/or irrigation land.
- "You" or "your" means all types of landholders -- individuals, entities, religious or charitable organizations, public entities, etc.
- "We," "us," "our," or "Reclamation" means the Bureau of Reclamation.

In addition, these instructions address the following subjects:

<u>SUBJECT</u>	<u>ON PAGE</u>
Fact Sheets.....	1
Who must submit RRA forms.....	1
RRA forms submittal thresholds (table).....	2
Eligibility to receive water.....	2
Which forms to submit.....	2
Types of landholders and appropriate standard forms (table).....	3
When and where to submit RRA forms.....	3
Verification forms.....	3
Use of substitute RRA forms, computer-generated printouts, or scanned versions of the official RRA forms.....	3
Using attachments.....	4
Excess land.....	4
Full-cost land.....	4
Class 1 equivalency factors.....	4
Who must sign the RRA forms and signature authorization forms.....	4
Making an irrevocable election.....	5
Nonresident aliens and foreign entities.....	5
Public entities.....	6
Leases.....	6

If landholdings change.....	6
Administrative fee.....	6
Complete list of landholder and farm operator RRA forms (table).....	7
Definitions.....	7

Visit www.usbr.gov/rra for more information.

FACT SHEETS

We have developed FACT SHEETS that will provide you with additional information. These FACT SHEETS are available at your district office, the appropriate Reclamation office, and at www.usbr.gov/rra.

<u>FACT SHEET</u>	<u>TITLE</u>
1	RRA Forms - Who, Where, When, and What
2	How to Determine Your Status Under Reclamation Law
3	How to Become Subject to the Discretionary Provisions
4	What Are My Entitlements as a Qualified Recipient?
5	What Forms Are Required for a Qualified Recipient?
6	What Are My Entitlements as a Limited Recipient?
7	What Forms Are Required for a Limited Recipient?
8	What Are My Entitlements as a Prior Law Recipient?
9	What Forms Are Required for a Prior Law Recipient?
10	Signature Requirements for RRA Forms
11	What Constitutes a Landholding Change?
12	Trusts and Estates and the RRA
13	Involuntary Acquisitions and the RRA
14	How to Appeal Final RRA Determinations

WHO MUST SUBMIT RRA FORMS

You must submit RRA forms if you are a landholder (including but not limited to individuals, entities, trusts, estates, public entities, and religious or charitable organizations) and you hold (directly or indirectly own or lease) land that is subject to the acreage limitation provisions of Federal reclamation law (including but not limited to the Reclamation Reform Act of 1982 [RRA]), unless you meet one of the following three exceptions:

H. RRA FORMS ON THE INTERNET

QUESTION: Are the RRA forms available on the internet?

ANSWER: Most of the RRA forms may be found on the RRA homepage at www.usbr.gov/rra. At this time, RRA forms may be electronically completed and then printed. Landholders must then sign and submit RRA forms to all appropriate districts/offices.

Bureau of Reclamation - Microsoft Internet Explorer


File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites Recycle Bin Mail Print Word Pad Notepad

Address http://www.usbr.gov/rra/

Google Go Bookmarks 4 blocked Check AutoLink AutoFill Send to

U.S. Department of the Interior | Bureau of Reclamation [Contact Us](#) | [Site Index](#)



RECLAMATION

Managing Water in the West

RECLAMATION REFORM ACT OF 1982

The concept of **acreage limitations** with regard to Reclamation irrigation water started when the Reclamation Act of 1902 was enacted. The primary goal of the Reclamation program at that time was to develop the arid West by promoting farming opportunities for families and limiting speculation on land that would benefit from the introduction of irrigated agriculture. In response to a lawsuit against the Federal government in the 1970's alleging improper acreage limitation administration, Congress passed Public Law 97-293, which President Reagan signed into law on October 12, 1982. Title II of Public Law 97-293 is known as the **Reclamation Reform Act of 1982 (RRA)**.

This RRA website is designed to provide helpful references for general acreage limitation matters. Please refer any questions to your district office or the appropriate Reclamation office.

Search Reclamation
 >>

- Reclamation Home
- Regional Offices
- Newsroom
- Library
- Dataweb
- RRA**
 - RRA Forms** ←
 - RRA Fact Sheets
 - Status of Irrigation Districts
 - Farm Operators
 - District Responsibilities
 - Text of the RRA
 - Regulations

I. WHO MUST SIGN RRA FORMS?

In general, the signature requirements are as follows:

- For individuals (7-2180, 7-2180EZ, 7-2190, 7-2190EZ) as defined in the RRA (for signature purposes, this includes those subject to prior law): Named individual, including spouse must sign. This is true even if the land is not jointly held. Other options: A written Spousal Signature Authorization form (as created by Reclamation) may be submitted to permit one spouse to sign for the couple or an acceptable power-of-attorney may be used.
- For partnerships, tenancies, or joint ventures (7-2181 or 7-2191): All partners, joint tenants, co-tenants, and joint venturers must sign. Other options: A written Entity Signature Authorization (as created by Reclamation) may be used to allow one member of the entity to sign for another member(s) or an acceptable power-of-attorney may be used.
- For corporations (7-2181 or 7-2191): A corporate officer must sign. An acceptable power-of-attorney may be used only if authorized in the Articles of Incorporation.

I. WHO MUST SIGN RRA FORMS? (continued)

- For trusts or estates (7-21TRUST): All trustees, administrators, or executors must sign the form unless the trust or an acceptable power-of-attorney authorizes one trustee, executor, or administrator to sign for the others.
- For religious or charitable organizations (7-2184 or 7-2194): An officer or authorized agent from the part of the organization submitting the form must sign.
- For public entities (7-21PE): An officer or authorized agent of the public entity must sign.

The instructions to each form identifies who must sign that specific form. In general the use of signature authorization forms is not permitted in relation to signing any RRA forms except the certification and reporting forms (e.g., signature authorization forms cannot be used with irrevocable election forms). Fact Sheet 10 provides detailed information on the signature requirements for RRA forms.

NOTE: Signature authorizations and power-of-attorney documents must be notarized and may not be used retroactively.

J. HOW THE RRA FORMS ARE DESIGNED AND APPROVED

1. The Paperwork Reduction Act of 1995 (PRA): Every form produced by the Federal Government to gather information from the public must include a Paperwork Reduction Act statement. Generally, the PRA ensures that the RRA forms gather only enough information to properly administer the acreage limitation provisions. For the RRA forms, this statement may be found on the instructions to each form.

The “Paperwork Reduction Act Statement” informs the public of the following:

- A. The reasons the information is being collected.
- B. The process for approving RRA forms.

Paperwork Reduction Act

This information is being collected to establish landholder compliance with Federal reclamation law. Response to this request is mandatory in accordance with Public Law 97-293 and 43 CFR 426.18. Public reporting burden for this form is estimated to average 1 hour per response, including time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. Direct comments regarding the burden estimated or any other aspect of these forms to Manager, Land Resources Office, Code 84-53000, U.S. Bureau of Reclamation, PO Box 25007, Denver CO 80225.

[Note: From the “Instructions for Certification of Individuals Landholdings,” Form 7-2180.]

J. HOW THE RRA FORMS ARE DESIGNED AND APPROVED (continued)

QUESTION: When do RRA forms expire?

ANSWER: In general, Reclamation receives a 2-year approval for the RRA forms. The Office of Management and Budget expiration date is December 31, every other year (e.g., December 31, 2005, and December 31, 2007). However, Reclamation includes the water year on its forms so that for completion purposes the RRA forms expire annually on December 31.

QUESTION: Can suggestions for changes to the RRA forms only be submitted during the public comment periods?

ANSWER: Reclamation will accept suggested changes to RRA forms at any time. Comments can be submitted to the address provided in the PRA Statement on the first page of the instructions to each RRA form. However, Reclamation can only consider and implement changes to the forms during the time when Reclamation is in the process of obtaining OMB approval.

J. HOW THE RRA FORMS ARE DESIGNED AND APPROVED (continued)

QUESTION: How does the public know that a comment period has opened on the RRA forms?

ANSWER: In addition to the required Federal Register notices, Reclamation sends a letter to all districts that are subject to the acreage limitation provisions that the 60-day comment period has commenced. A copy of the Federal Register notices accompanies the letter. Copies of the draft forms are available upon request.

J. HOW THE RRA FORMS ARE DESIGNED AND APPROVED (continued)

QUESTION: Does the public ever actually provide input?

ANSWER: During the process to obtain approval for the 2000/2001 RRA forms, Reclamation received five public comments. This included three districts, one environmental group, and one attorney for a landholder. During the process for the 2002/2003 RRA forms, Reclamation received two public comments, both from districts. In both cases, the number of commentators was fewer than the number normally received if Reclamation was making a large number of significant revisions to the forms, as with the 1997 forms, or if Reclamation was in the middle of a major rulemaking. In addition to the comment process, regional offices and area offices pass on suggestions staff receive when working with the districts.

J. HOW THE RRA FORMS ARE DESIGNED AND APPROVED (continued)

QUESTION: Is any feedback prepared with regard to comments received?

ANSWER: Yes, Reclamation prepares a response to every comment that is not simply editorial or typographical in nature. The entire set of comments and responses is sent to each district subject to the acreage limitation provisions, everyone who submitted comments, and all regional offices.

J. HOW THE RRA FORMS ARE DESIGNED AND APPROVED (continued)

Where can I find out more about the RRA forms?

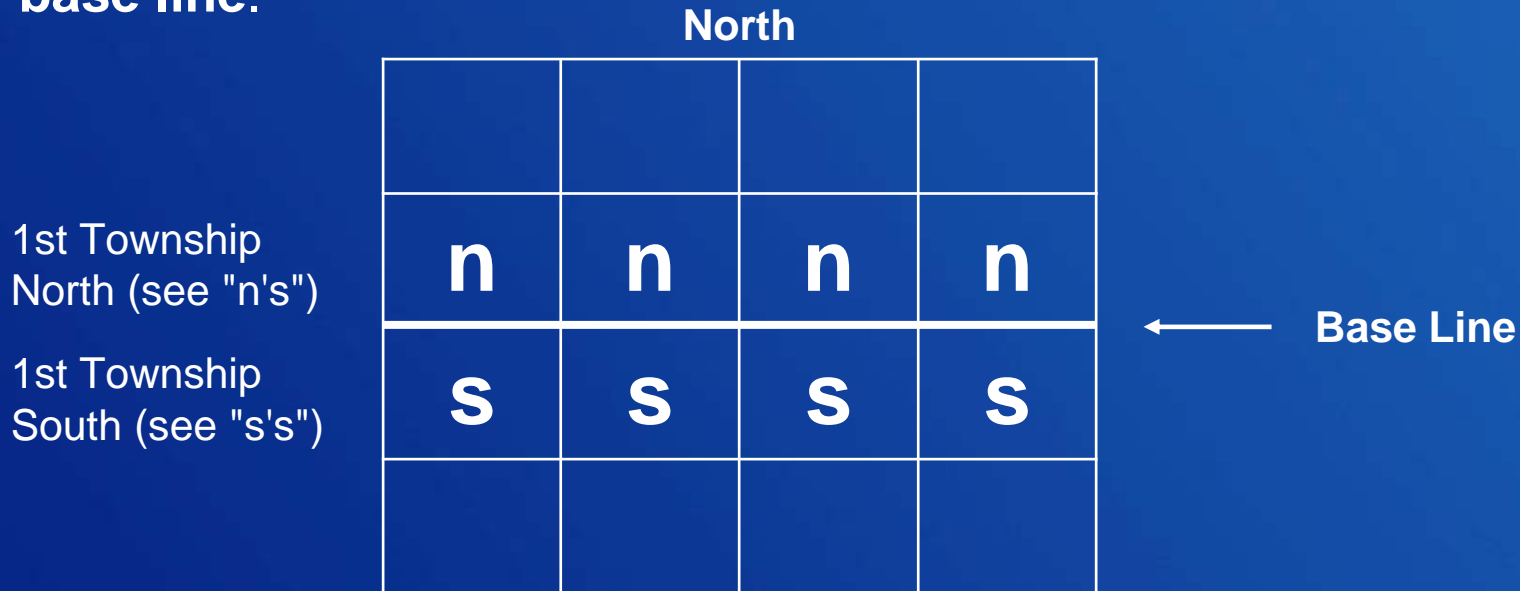
- The RRA – Sections 206, 224(c), and 228.
- The Acreage Limitation Rules and Regulations – Sections 426.18 and 426.19.
- RRA Fact Sheet 1 - RRA Forms -- Who, Where, When, and What
- RRA Fact Sheet 5 - What Forms Are Required for Qualified Recipients?
- RRA Fact Sheet 7 - What Forms Are Required for Limited Recipients?
- RRA Fact Sheet 9 - What Forms Are Required for Prior Law Recipients?
- RRA Fact Sheet 10 - Signature Requirements for RRA Forms
- RRA Fact Sheet 11 - What Constitutes a Landholding Change?

X. LEGAL DESCRIPTIONS

RECLAMATION

A. TOWNSHIP

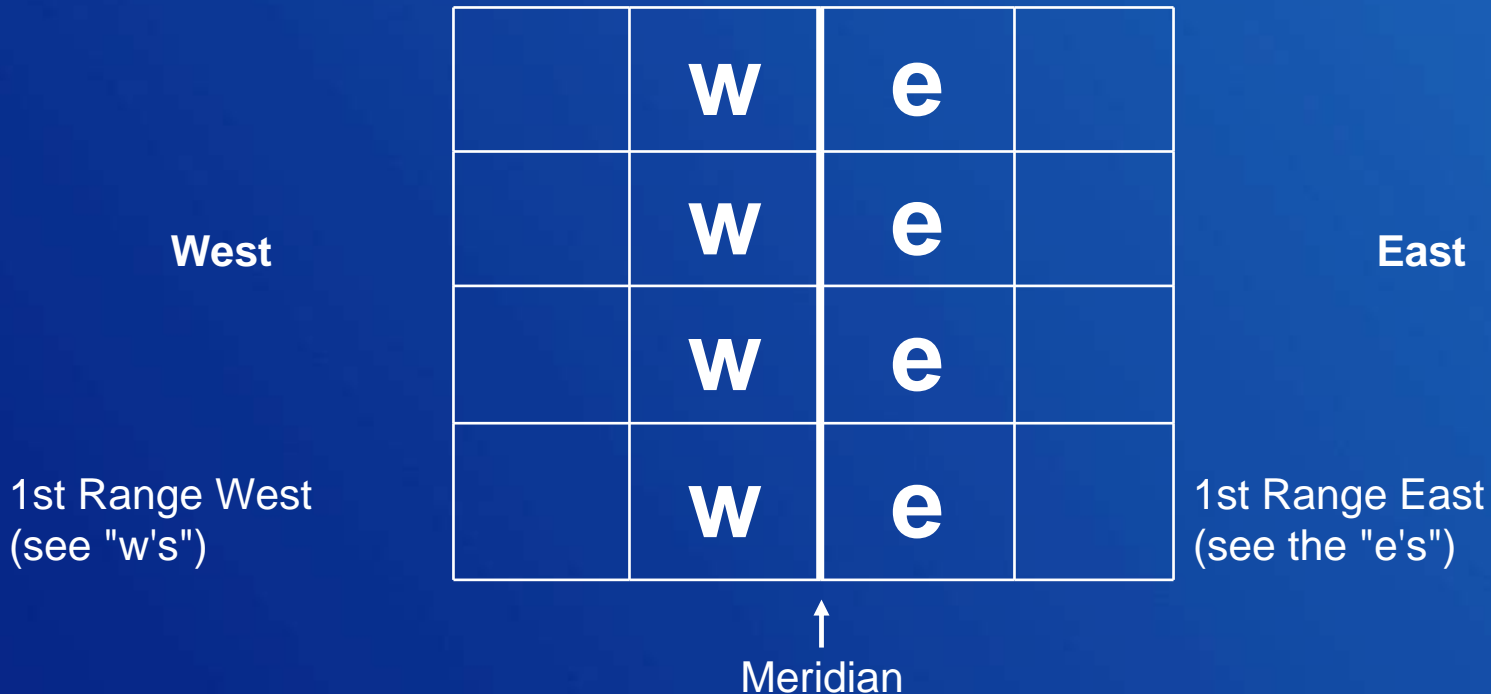
- Townships are blocks of land 6 miles square (36 square miles).
- Starting from a **base line** there are tiers of townships paralleling the base line.
- The tiers are numbered according to their positions **north or south** of the **base line**.



Example: The second tier of townships south of a base line is identified by the abbreviation T2S (Township 2 South).

B. RANGE

- **Meridians** - Imaginary north and south lines that are used in the Governmental Survey System. These intersect the base line to form a starting point for the measurement of land under that system.
- **Ranges** - Columns of townships, east and west of the meridian, numbered progressively away from the meridian.

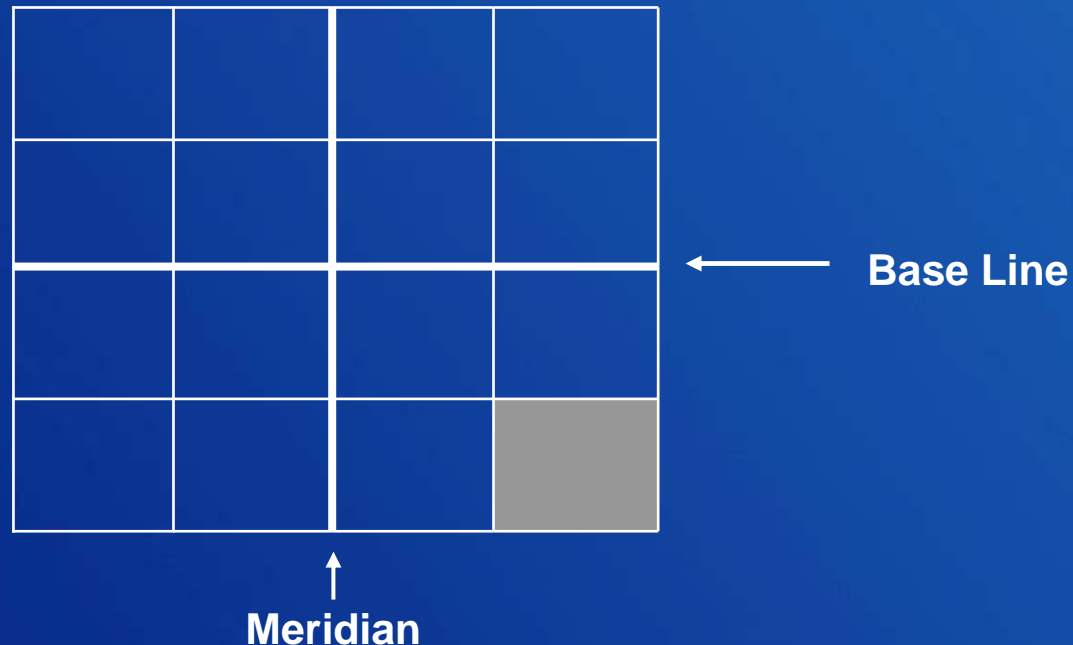


Example: The second range of townships east of the meridian line is identified by the abbreviation R2E (Range 2 East)

C. TOWNSHIP AND RANGE

- A township can be found by identifying its township number and its range number.

Example: T2S, R2E (Township 2 South, Range 2 East)
See shaded square below.



D. SECTIONS

- Townships are divided into 36 **sections**
- Each **section** is 1 square mile, which is **640 acres**.
- Sections are numbered consecutively starting with “1” at the top right or northeast section. The numbering progresses as shown in the table below:

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

There are thousands and thousands of sections with numbers between 1 and 36. However, there is only one section 23 (for example) in such-and-such a Township, Range such-and-such of such-and-such Meridian.

E. BREAKING DOWN A SECTION TO QUARTER SECTION

Section

1 mile by 1 mile



Section 23

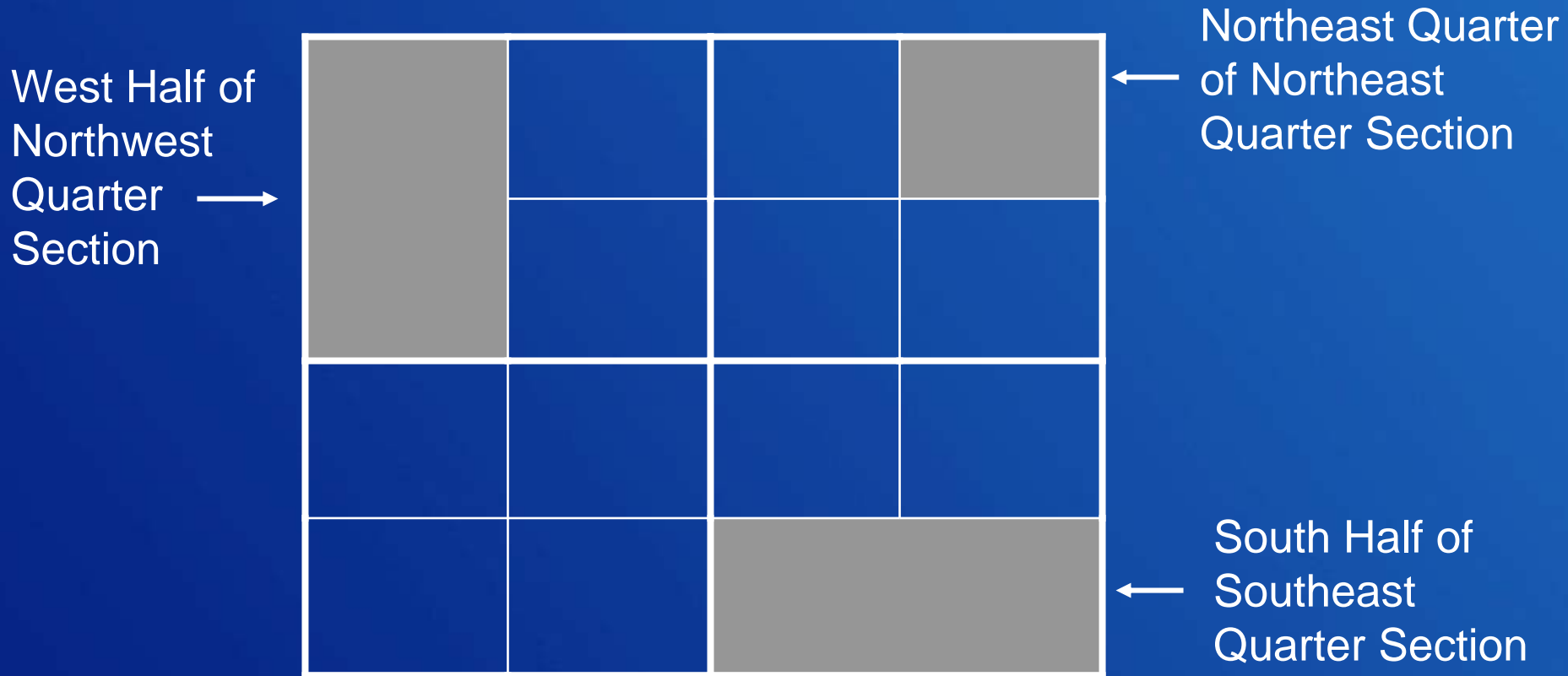
Quarter Sections

1 mile by 1 mile



Section 23

F. BREAKING DOWN A SECTION TO QUARTER QUARTER SECTION



G. EXAMPLE OF MULTIPLE BREAKOUTS IN ONE SECTION

1320 feet W1/2 of NW1/4 (80 acres)	1320 feet E1/2 of NW1/4 (80 acres)	2640 feet NE1/4 (160 acres)			
NW1/4 of SW1/4 (40 acres)	NE1/4 of SW1/4 (40 acres)	N1/2 of NW1/4 of SE1/4 (20 acres)		W1/2 of NE1/4 of SE1/4 (20 acres)	20 acres
		20 acres			
SW1/4 of SW1/4 (40 acres)	SE1/4 of SW1/4 (40 acres)	10 acres		5 acres	

5 acres

SE1/4 of SE1/4 of SE1/4 (10 acres)

H. READING AND WRITING LEGAL DESCRIPTIONS

Example: NE1/4 Sec 12, T2S, R2E

- **Read** – left to right
(Northeast Quarter of Section 12, Township 2 South, Range 2 East)
- **Locate land** - right to left
(Range 2 East , Township 2 South , Section 12 , Northeast Quarter of Section 12)
- **Write** - left to right
(NE 1/4 Sec 12 , T2S , R2E)

XI. RRA RESPONSIBILITIES (Landholder, Farm Operator, District, and Reclamation)

A. PARTIES WITH RRA RESPONSIBILITIES

- **Bureau of Reclamation**
 - Area Offices (if RRA staff are located in office)
 - Regional Offices (if RRA staff are located in office)
 - Office of Program and Policy Services (Denver)
- **Districts**
- **Landholders and Farm Operators**
- **Where can I find more about district responsibilities:**
 - Section 228 of the RRA.
 - The Acreage Limitation Rules and Regulations – Section 426.19.
 - “Summary of District Responsibilities” (purple booklet).

B. EXAMPLES OF RECLAMATION, DISTRICT, LANDHOLDER, AND FARM OPERATOR RESPONSIBILITIES (Not All-Inclusive)

RECLAMATION – GENERAL

- Train/inform Reclamation personnel about the RRA, the Acreage Limitation Rules and Regulations, and Reclamation's RRA policies.
- Provide district personnel with guidance, instructions, and information about the RRA; the Acreage Limitation Rules and Regulations; and Reclamation's RRA policies as appropriate.

DISTRICTS – GENERAL

- Be knowledgeable about, administer, and comply with the RRA and the Acreage Limitation Rules and Regulations.
- Provide landholders and farm operators with guidance, instruction, and information regarding RRA requirements.

LANDHOLDERS AND FARM OPERATORS – GENERAL

- Know their acreage limitation status, entitlements, and applicable RRA forms requirements.
- Provide Reclamation with requested information, such as trusts, leases, farm operating agreements, partnership agreements, etc.

B. EXAMPLES OF RECLAMATION, DISTRICT, LANDHOLDER, AND FARM OPERATOR RESPONSIBILITIES (Not All-Inclusive) (continued)

RECLAMATION – RRA FORMS

- Design, revise, and print RRA forms.
- Distribute RRA forms to districts in a timely manner.
- Provide districts with information about the forms and answer district, landholder, and farm operator questions about the form requirements.

DISTRICTS – RRA FORMS

- Distribute RRA forms to landholders and farm operators in a timely manner.
- Inform landholders and farm operators of RRA forms requirements.
- Obtain completed RRA forms from landholders and farm operators before initial water delivery.
- Withhold water from landholders and farm operators that do not submit RRA forms.
- Check RRA forms for accuracy, obtain corrections, and inform Reclamation if problems are encountered.
- Annually complete and submit summary form(s) and tabulation sheets to Reclamation.

LANDHOLDERS AND FARM OPERATORS – RRA FORMS

- Know if you are required to submit an RRA form.
- Fill out form correctly, sign the form, and submit form annually to each district in which land is held prior to receiving Reclamation irrigation water.
- Do not accept Reclamation irrigation water if required RRA forms have not been submitted.

XII. OVERVIEW OF RRA PROGRAM EVALUATION ACTIVITIES

A. PURPOSE OF RRA PROGRAM EVALUATION ACTIVITIES

RRA program evaluation activities provide a uniform approach to ensure the acreage limitation provisions of Federal reclamation law and the Acreage Limitation Rules and Regulations are implemented, administered, and enforced. The program evaluation function satisfies the Commissioner's oversight responsibility for program adequacy. The basic premise of RRA program evaluation activities is to ensure district and water user compliance with the acreage limitation provisions as a part of normal project operations.

The primary responsibility for implementing RRA program evaluation activities rests with regional personnel. Independent oversight to maintain overall RRA program integrity is provided by Reclamation's Office of Program and Policy Services (Denver), with assistance from the regional RRA coordinators.

B. GENERAL OBJECTIVES

1. Ensure that districts and individual contractors are in compliance with Federal reclamation law, the Acreage Limitation Rules and Regulations (43 CFR Part 426), Information Requirements for Certain Farm Operators in Excess of 960 Acres and the Eligibility of Certain Formerly Excess Land (43 CFR Part 428), including the collection of the proper rate for Reclamation irrigation water delivered.
2. Determine accuracy of information and compliance with applicable acreage limitation entitlements.
3. Provide a higher profile for Reclamation within districts, including training district personnel.
4. Develop and update databases on districts for use in future compliance activities.

C. THE COMPONENTS

It should be noted that section 426.25 of the Rules (43 CFR part 426) specifically addresses the components included in the RRA Program Evaluation:

“Reclamation will conduct reviews of a district’s administration and enforcement of and landholder compliance with Federal reclamation law and these regulations. These reviews may include, but are not limited to:

- (a) Water district reviews;
- (b) In-depth reviews; and
- (c) Audits.”

Note: In March 2006, in-depth reviews were integrated into the water district review component.

C. THE COMPONENTS (continued)

- (a) Water district reviews (WDR): The WDR is the key component of the RRA program evaluation function. Reclamation staff conduct WDRs to ensure day-to-day compliance with the acreage limitation provisions of Federal reclamation law. The WDRs are designed to determine if the acreage limitation provisions are being administered and enforced in a proper and uniform manner and to identify any problem areas that may warrant a more detailed review. The main objectives are: (1) to ensure consistent application of Federal reclamation law; (2) to ensure districts, landholders, and farm operators are in compliance with all requirements of Federal reclamation law including the certification and reporting requirements; (3) to ensure districts are correctly administering and enforcing Federal reclamation law; (4) to ensure Reclamation irrigation water is not delivered to ineligible lands; (5) to ensure the proper water rate is collected and paid to the United States; and (6) to assist with the development of efficient and effective methods that districts may utilize in meeting the requirements associated with the administration and enforcement of the acreage limitation provisions.

C. THE COMPONENTS (continued)

A WDR is conducted in districts that are subject to the acreage limitation provisions regardless of whether any landholders or farm operators exceed their applicable forms submittal threshold. WDRs are conducted in a cyclical manner consisting of 5-year periods. The 5-year cycle is a fixed schedule. A district that is reviewed in the 3rd year of a cycle will be reviewed in the 3rd year of every cycle.

- (b) Audits: Audits are identified and conducted based on the same 5-year cycle as the WDR cycle. The objectives of an audit are to determine (1) the accuracy of data submitted by landholders and farm operators and (2) landholder and farm operator compliance with the RRA and its associated regulations. At a minimum, all landholders and farm operators with more than 960 acres will be audited (regardless of class 1 equivalency).

C. THE COMPONENTS (continued)

What districts can do to prepare for WDRs and audits:

- Have all RRA forms available throughout the review for the retention period as defined in section 426.19(e) of the Rules and detailed in an October 10, 1997, letter to the districts.
- Provide the Reclamation review team with copies of trust agreements to which have not been previously reviewed.
- Provide the Reclamation review team with copies of all leases with a maximum term exceeding 10 years which have not been previously reviewed.
- Have water delivery records available.
- Have district ownership maps available.

C. THE COMPONENTS (continued)

What districts can do to prepare for WDRs and audits (continued):

- Have district water user/billing records for the years being reviewed available.
- Provide the Reclamation review team with copies of RRA forms for all landholders and farm operators exceeding 960 acres (regardless of class 1 equivalency) for audit purposes for each year they exceed 960 acres since the last WDR (in addition, if any entity exceeds 960 acres, provide copies of all associated part-owner forms on file and if an individual exceeds 960 acres provide copies of all entity forms where interest is held).
- Provide the Reclamation review team with copies of each lease and farm operating agreement (regardless of acreage) in effect for most current water year for the landholders being audited.

D. INTERNAL OVERSIGHT

Reclamation also conducts reviews of its regional and area office RRA staff to ensure they are properly administering and enforcing the acreage limitation provisions of Federal reclamation law. In order to streamline this internal oversight, Reclamation conducts such reviews as part of a management control review activity that can be traced back to the Federal Manager's Financial Integrity Act of 1982.

The RRA program has been identified as a Reclamation component that is to be reviewed on a periodic basis. An Internal Control Review was conducted on the RRA program in 1989. An Alternative Internal Control Review (AICR) was conducted in 1990. Alternative Management Control Reviews (AMCR), which AICRs were then called, were conducted in 1993, 1997, 2001, and 2005. On January 20, 2006, the cycle was changed from 4 years to 5 years. The next AICR report will be prepared in 2010, and every 5 years thereafter.

XIII. OVERVIEW OF RRA ASSESSMENTS

A(1). FULL-COST AND COMPENSATION RATE

Type of Assessment	What Is It?	What Is The Basis for It?	How Much Is It?	When Does It Apply?	Examples of Applicability
Full-Cost Rate	Actual O&M costs (if applicable) + O&M deficits funded (if applicable) + construction component + interest on the construction component.	Section 202 of the RRA defines “full cost.” Sections 203(b) and 205 of the RRA require the assessment of the full-cost rate to certain water deliveries.	The rate varies from district to district.	To Reclamation irrigation water delivered to ELIGIBLE land , but for which the RRA or the regulations require that the full-cost rate must be paid.	<ol style="list-style-type: none"> 1. Water to land owned and/or leased above the nonfull-cost entitlement. 2. Water delivered to landholders or farm operators on formerly excess land they sold or transferred when land was excess at an approved price. 3. Water to an isolated tract as determined by Reclamation.
Compensation Rate	Actual O&M costs (if applicable) + O&M deficits funded (if applicable) + construction component + interest on the construction component.	Legal Theory of Conversion - The charges are compensation to the U. S. for the illegal conversion of the Government’s property interest in the water that was delivered to ineligible lands.	The rate varies from district to district.	To certain situations where Reclamation irrigation water is delivered to INELIGIBLE land .	<ol style="list-style-type: none"> 1. Water to land that is ineligible for reasons other than a forms violation. 2. Water to lands with leases that do not meet criteria. 3. Water to ineligible excess land.

A(2). ADMINISTRATIVE FEE

Type of Assessment	What Is It?	What Is The Basis for It?	How Much Is It?	When Does It Apply?	Examples of Applicability
Administrative Fee	Extra charge for certain RRA violations.	To recover the extra costs Reclamation incurs to address certain violations. 43 CFR part 426.20	\$290 (<i>Reclamation re-evaluates the amount at least once every 5 years.</i>)	<p>Type of Violation</p> <ul style="list-style-type: none"> Forms submittal violations Form error violations Excess land violations <p>How Applied</p> <ul style="list-style-type: none"> Per district Per landholder Per year 	<p>In 2000, Farmer Jim received water in District 1 and District 2 prior to submitting an RRA form. Farmer Bob did not correct errors Reclamation identified on the 2001 RRA forms he submitted to District 1.</p> <p>Administrative Fee Assessments:</p> <p>District 1</p> <p>2000 - 1 X 290 = \$290 (Jim)</p> <p>2001 - 1 x 290 = <u>\$290</u> (Bob)</p> <p>TOTAL \$580</p> <p>District 2</p> <p>2000 - 1 X 290 = \$290 (Jim)</p>

A(3). UNDERPAYMENT INTEREST

Type of Assessment	What Is It?	What Is The Basis for It?	How Much Is It?	When Does It Apply?	Examples of Applicability
Underpayment Interest	Interest assessed on an underpayment.	Section 224(i) of the RRA <i>(Added in 1987.)</i>	Interest rate is determined by the Secretary of the Treasury as set forth in section 224(i) of the RRA.	Applies when there is an underpayment. An underpayment is the difference between the amount owed for the delivery of Reclamation irrigation water and the amount paid. Interest applies to the amount of the underpayment, accruing from the date the required payment was due until paid.	<ol style="list-style-type: none"> 1. The contract rate was paid which is less than the full-cost rate that was owed. 2. The contract rate was paid. It is less than the full O&M rate that was owed.

B. ILLEGAL FEDERAL IRRIGATION SUBSIDY

- An **illegal Federal irrigation subsidy** is the difference between the amount owed for the delivery of Reclamation irrigation water and the amount paid (same as an “**underpayment**”).
- The Internal Revenue Code requires taxpayers to include in their gross income the amount of any illegal Federal irrigation subsidy the taxpayer receives during the taxable year.
- The illegal Federal irrigation subsidy provision was included in the Omnibus Budget Reconciliation Act of 1987 and became effective in 1988.
- Reclamation forwards to the Internal Revenue Service information about taxpayers (landholders) with illegal Federal irrigation subsidies.
- Landholders can have both an underpayment (subject to underpayment interest) and an illegal Federal irrigation subsidy (may result in higher taxes).

RECLAMATION

XIV. FINAL DETERMINATIONS AND APPEALS

A. PURPOSE OF APPEAL PROVISIONS (43 CFR part 426.24)

- To give parties aggrieved by a Regional Director's final determination the opportunity to appeal the determination to an impartial reviewer.

What Can Be Appealed

- Regional Director **final** determinations (final decisions) on RRA-related matters.
- Examples of final determinations:
 - (a) Issuance of a bill assessing administrative fees, compensation charges, full-cost charges, etc.
 - (b) A determination that an entity is a limited recipient with a zero-acre nonfull-cost entitlement.

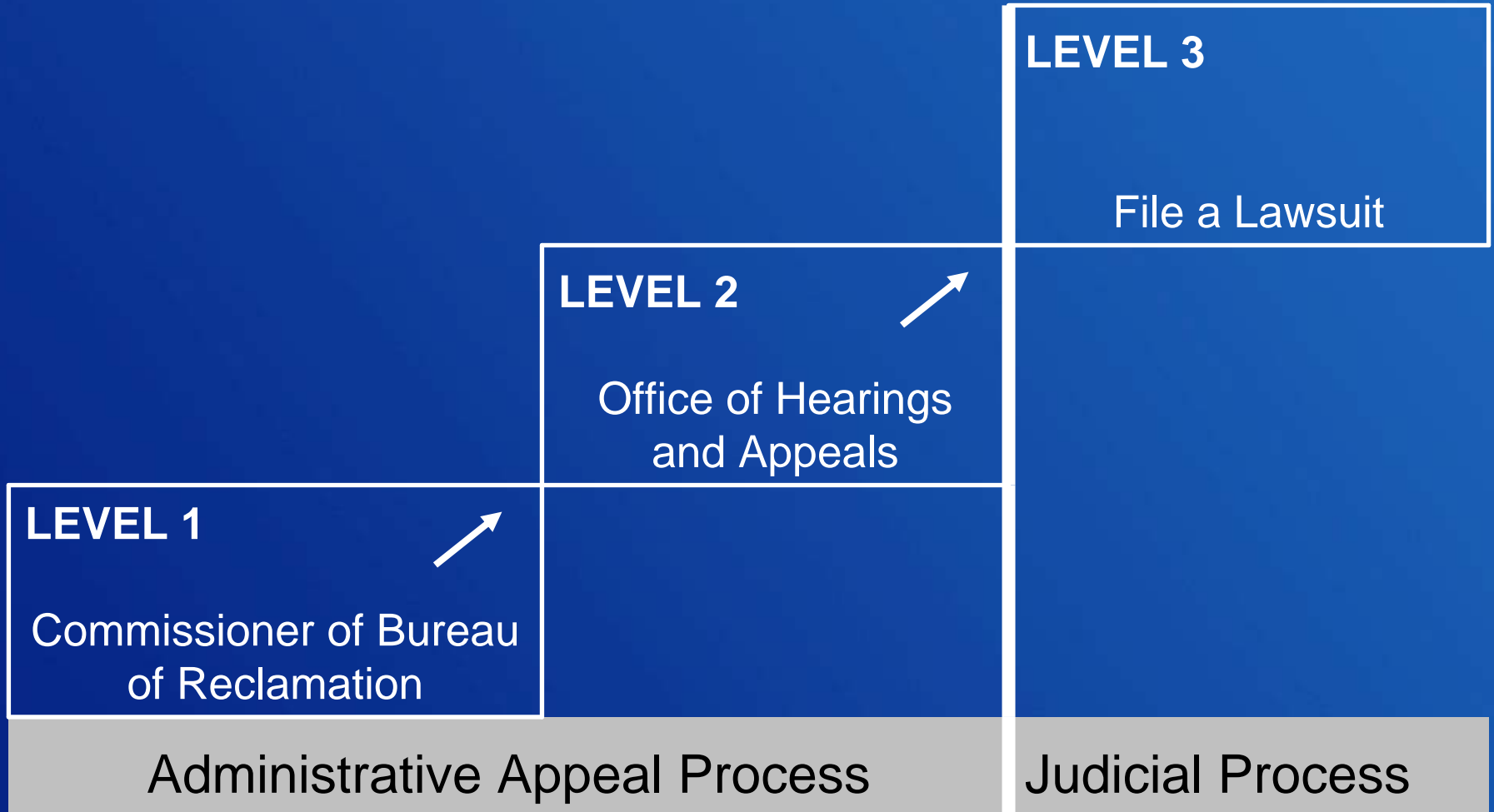
B. IDENTIFICATION OF REGIONAL DIRECTOR FINAL DETERMINATIONS

- All final determinations will specifically state that they are “final determinations.”

Who Can Appeal

- Parties directly affected by Regional Director final determinations
 - Districts
 - Individual landholders

C. LEVELS OF APPEALS



D. WHERE TO SUBMIT APPEALS

- **Office of the Commissioner:**

Commissioner, Bureau of Reclamation
Office of Program and Policy Services
Attention: 84-53000
P.O. Box 25007
Denver, Colorado 80225

- **Office of Hearings and Appeals:**

Director, Office of Hearings and Appeals
Department of the Interior
801 North Quincy Street
Arlington, Virginia 22203

E. TIMEFRAMES ASSOCIATED WITH APPEALS

- **Notice of appeal to the Commissioner**
 - **30** calendar-days from the date of the Regional Director's final determination.
- **Supporting documentation to the Commissioner**
 - **60** calendar-days from the date of the Regional Director's final determination. (*Appellant may request an extension of time.*)
- **Notice of Appeal to Office of Hearings and Appeals**
 - **30** calendar-days from the date of mailing of the Commissioner's decision.

F. EFFECT OF REGIONAL DIRECTOR DETERMINATIONS DURING APPEAL TO COMMISSIONER

Regional Director final determinations become effective on the **31st** day after the date of the final determination, UNLESS:

- The appellant requests a stay of the final determination pending appeal. The stay must include the reasons for the request and demonstrate that the harm the appellant will suffer if the stay is not granted outweighs the benefits to the U.S. of having the final determination take effect pending appeal.
- Stay must be submitted with, or in advance of, a timely notice of appeal.
- Commissioner will determine whether to grant a properly filed stay within 30 days after receiving it.
- The final determination will become effective immediately if the Commissioner denies the stay or fails to act within 30 days after receiving the request.
- Underpayment interest, if any, will continue to accrue while a final determination is under appeal, even if the determination has been stayed.

G. HELPFUL HINTS FOR FILING APPEALS

- Comply with timeframes.
- Send appeal to correct address.
- Specify date of Regional Director's final determination; attach a copy of it, if possible.
- If supporting documentation is not included with the notice of appeal, specify intentions regarding submittal of documentation.
- Show good cause if requesting:
 - Time extension for submitting a supporting brief or memorandum or
 - A stay of the final determination.
- Give the facts.
- Present clear, concise arguments.
- Attach relevant correspondence/documentation.

XV. RESOURCES

- Reclamation Reform Act of 1982 (Public Law 97-2933; 96 STAT. 1261)
- Acreage Limitation Rules and Regulations (43 CFR Part 426)
- Information Requirements for Certain Farm Operators in Excess of 960 Acres and the Eligibility of Certain Formerly Excess Land (43 CFR Part 428)
- RRA Fact Sheets
- Reclamation Reform Act of 1982 Reference Sources
- Summary of District Responsibilities
- “General Information about the RRA Forms” (Form 7-21INFO)
- RRA Forms and Instructions
- RRA Certification and Reporting Forms Standards
- RRA Workshop Manuals
- Status of Irrigation Districts List with Respect to Federal Reclamation Law
- Internal Revenue Service Publication 6023
- RRA Website – www.usbr.gov/rra