



WHAT ARE MY ENTITLEMENTS AS A LIMITED RECIPIENT?

Reclamation Reform Act of 1982 (RRA)

GENERAL

Under the RRA there are two types of entitlements. The **OWNERSHIP** entitlement refers to the maximum amount of owned land an individual or entity may irrigate with water from a Bureau of Reclamation (Reclamation) project. Any nonexempt land directly or indirectly owned in excess of an individual's or entity's **OWNERSHIP** entitlement is referred to as **EXCESS LAND**. Generally, such land is **not eligible** to receive Reclamation irrigation water while in the ownership of that landholder.

 **Nonexempt land means either irrigation land or irrigable land that is subject to the acreage limitation provisions.**

The **NONFULL-COST** entitlement refers to the maximum amount of directly or indirectly owned or leased land an individual or entity may hold and irrigate at less than the full-cost rate. **FULL-COST LAND** is **eligible nonexempt land** directly or indirectly owned or leased that exceeds the **NONFULL-COST** entitlement and may receive Reclamation irrigation water **only** at the full-cost rate.

The ownership and nonfull-cost entitlements that apply to a landholder are determined by the acreage limitation status of the landholder; that is, qualified recipient, limited recipient, or prior law recipient. The remainder of this Fact Sheet highlights the entitlements applicable to **limited recipients**.

OWNERSHIP ENTITLEMENT

A **limited recipient** is entitled to receive Reclamation irrigation water on a maximum of **640 acres of owned nonexempt land**. The ownership entitlement is applied **westwide**; that is, it applies to all land in Reclamation projects subject to the acreage limitation provisions in the 17 Western States. Nonexempt land **owned** by a limited recipient in **EXCESS** of 640 acres is generally **not eligible** to receive Reclamation irrigation water, unless it is eligible through a class 1 equivalency determination. However, **EXCESS LAND** may be eligible to receive Reclamation irrigation water if such land (1) is subject to a recordable contract, or (2) was eligible in the holding of a former owner and involuntarily acquired within the past 5 years (for example, inherited).

The following is a simple procedure for determining if an entity has **EXCESS LAND**:

How much nonexempt land does the entity own directly or indirectly as a limited recipient ?	_____ acres
Less the limited recipient OWNERSHIP entitlement	- <u>640</u> acres
Your entity's EXCESS ACREAGE	= <u> </u> acres

(If zero or less, the entity has no **EXCESS LAND**.)

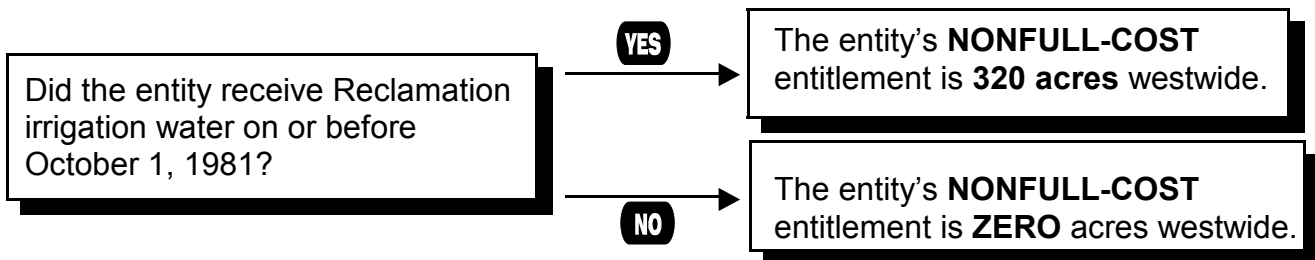
If an entity's stockholders, partners, beneficiaries, etc., have conformed to the discretionary provisions, it does not necessarily mean the entity has conformed to those provisions. The same is true for part owners if an entity has conformed to the discretionary provisions.

Any land owned by a subsidiary entity **is counted against** the ownership entitlement of its parent entity. An entity may not be able to realize its full entitlement due to the entitlements of its part owners and their landholdings. No part owner may receive Reclamation irrigation water on land owned in excess of his/her/its respective **ownership** entitlement. Furthermore, stockholders, part owners, and beneficiaries of limited recipient entities generally may not individually receive Reclamation irrigation water on more than 160 acres of directly or indirectly owned land unless they themselves are subject to the discretionary provisions. Therefore, part owners that exceed their acreage limitation entitlements, either through land the part owner directly owns or leases or through land attributed to the part owner from an entity, may affect the ability of the entity to realize its full acreage limitation entitlements, if a part owner must ask the entity to declare part of its holding as **EXCESS** or **FULL COST**.

EXAMPLE: Corporation A is a limited recipient because it benefits more than 25 natural persons; therefore, it has a **640-acre ownership entitlement**. One of its part owners, who happens to own 50 percent of the corporation but holds no other land subject to the acreage limitation provisions, is an individual who remains subject to the prior law provisions. Since this part owner has an ownership entitlement of only 160 acres, the entity would only be able to realize 320 of its 640-acre ownership entitlement (160 acres divided by 50 percent equals 320 acres, which is the most limiting factor for this entity). For Corporation A to realize any larger ownership entitlement would result in more than 160 owned acres being attributed to the part owner in question, thereby making such owned land **excess**.

NONFULL-COST ENTITLEMENT

The key question in determining the **NONFULL-COST** entitlement for a limited recipient is whether the limited recipient first began to receive Reclamation irrigation water in any Reclamation project westwide **on or before October 1, 1981**.



- ☞ **An entity that is a limited recipient will ALWAYS have a NONFULL-COST entitlement that is LESS than its maximum ownership entitlement of 640 acres.**
- ☞ The date a subsidiary first received Reclamation irrigation water **does not** confer any right to a parent entity in establishing when the parent entity first began receiving Reclamation irrigation water.

Only land actually **receiving** Reclamation irrigation water counts against the entity's **NONFULL-COST** entitlement. Deliveries of Reclamation irrigation water to any eligible land (directly or indirectly owned or leased) selected as full-cost land will be assessed the full-cost rate. Generally, the entity can select any combination of eligible owned and leased land as nonfull-cost acreage. However, any land that is (1) determined to be **INELIGIBLE EXCESS LAND**, or (2) required by law to be subject to full-cost rates **cannot** be selected as nonfull-cost acreage.


EXAMPLE: XYZ Corporation is a limited recipient that received Reclamation irrigation water on or before October 1, 1981, and has a landholding of 700 acres of owned land and 200 acres of leased land. Sixty of the 700 owned acres are in excess of the 640-acre **OWNERSHIP** entitlement for limited recipients and must be designated by XYZ Corporation as **excess land**, ineligible to receive Reclamation irrigation water at any price. The remaining 840 acres (640 acres of owned land and 200 acres of leased land) will be eligible to receive Reclamation irrigation water, but if the entity irrigates all that land with Reclamation irrigation water, 520 acres (840 acres less the entity's nonfull-cost entitlement of 320 acres) of owned nonexcess or leased land must be selected as **full-cost land**. (NOTE: If the entity had first received Reclamation irrigation water after October 1, 1981, its **OWNERSHIP** entitlement would remain unchanged, but its **NONFULL-COST** entitlement would be **zero**. Therefore, the full-cost rate would apply to any Reclamation irrigation water delivered to the entire 840 eligible acres.)

Nonfull-cost entitlements are computed on a cumulative basis during any water year. Once the entity has selected its total nonfull-cost land, and received Reclamation irrigation water on it, that land will be considered its **NONFULL-COST** land for the entire water year, even if the entity should terminate Reclamation irrigation water deliveries to the selected land. Any additional **eligible** land the entity purchases or leases during the water year may receive Reclamation irrigation water only at the full-cost rate.

EXAMPLE: Partnership W benefits more than 25 natural persons and first received Reclamation irrigation water in 1975; therefore, it is a limited recipient with a 640-acre ownership entitlement and a 320-acre nonfull-cost entitlement. Partnership W owns 100 acres and leases an additional 250 acres in District A. The partnership is entitled to receive Reclamation irrigation water on the entire 350 acres, but must select 30 acres as **full-cost land** (350 acres of eligible land less the 320-acre **NONFULL-COST** entitlement). After Partnership W

begins to receive Reclamation irrigation water on the 350 acres for the year, an additional 600 acres is purchased. With this purchase, the partnership must declare 60 acres as **ineligible excess** land (700 acres of owned land less the 640-acre **OWNERSHIP** entitlement). Partnership W will be able to receive Reclamation irrigation water on a total of 890 eligible acres (640 acres of eligible owned land and 250 acres of leased land); however, 570 acres (890 acres of eligible land less the 320-acre **NONFULL-COST** entitlement) must be selected as **full-cost land**. The land selected as full cost **must include** the 30 acres that have already received full-cost water during the water year and the 540 eligible acres the partnership purchased during the current water year.

Nonexempt land that (1) is subject to a recordable contract, or (2) was involuntarily acquired within the last 5 years and designated as excess by the involuntarily acquiring party, generally is not considered when determining if the limited recipient has exceeded the applicable **nonfull-cost entitlement**.

 If a landholder selects eligible land as full cost, the full-cost rate must be paid for Reclamation irrigation water delivered to that land, even if that landholder should lease the land to someone who does not exceed their own nonfull-cost entitlement. For example, Entity X is required to select part of its owned land as full-cost land. Entity X selects the 50 acres it has leased to Landholder Z as full cost. The full-cost rate must be paid for all Reclamation irrigation water delivered to those 50 acres even if it is the only land in Landholder Z’s landholding.

 **Any land leased from a public entity is counted against both the landholder's OWNERSHIP and NONFULL-COST entitlements.**

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Contact your district or local Reclamation office for more information concerning limited recipient entitlements and information on class 1 equivalency.

Mission of the Bureau of Reclamation: To manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.

The Department of the Interior has established a 24-hour toll-free telephone number (1-800-424-5081) for anyone wishing to report suspected violations of the Reclamation Reform Act of 1982 (RRA). Anyone reporting suspected violations will be protected under Federal privacy laws.

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