



WHAT CONSTITUTES A LANDHOLDING CHANGE?

Reclamation Reform Act of 1982 (RRA)

LANDHOLDING CHANGES AND THE RRA FORMS REQUIREMENTS

What if My Landholding Changes During an Irrigation Season?

Section 426.18(k) of the Acreage Limitation Rules and Regulations (43 CFR part 426) provides that if a landholder's ownership or leasing arrangements change in any way after submitting RRA forms for a particular water year and that change occurs **during an irrigation season**, the landholder must notify the district, either verbally or in writing, within **30 calendar days** of the change and submit new standard RRA forms to all districts where nonexempt land is held (directly or indirectly owned or leased) within **60 calendar days** of the change. An exception to this requirement is if the landholder has finished receiving Bureau of Reclamation (Reclamation) irrigation water for the water year in question before the 60-calendar-day time period expires. In such cases, landholders must submit new standard RRA forms before receiving Reclamation irrigation water in the next water year.

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

What if My Landholding Changes Do Not Occur During an Irrigation Season?

If a landholding change occurs **outside the irrigation season**, the landholder must submit new standard RRA forms to all districts in which nonexempt land is held prior to receiving any Reclamation irrigation water following such changes.

An exception to this requirement is if a landholder submits a standard RRA form in advance of the upcoming irrigation season, and a landholding change occurs after submission of the RRA form but before the start of Reclamation irrigation water deliveries. Because the landholder has already submitted an RRA form for the water year in question, the landholder must notify the district, either verbally or in writing, within **30 calendar days** of the change and submit new standard RRA forms to all districts where nonexempt land is held (directly or indirectly owned or leased) within **60 calendar days** of the change.

What if I am a New Landholder in a District?

L A **new landholder** is considered to be an individual, legal entity, or public entity that did not directly or indirectly own or lease land in a specific district during the water year immediately

preceding the water year in question. For RRA forms submittal purposes only, a landholder whose landholding changes from “not exceeding” to “exceeding” the district’s applicable RRA forms submittal threshold during the water year will be considered to be a “new landholder.”

The time period for submitting new standard RRA forms when landholding changes occur **does not apply to new landholders** because it only applies after the initial RRA form submittal for a water year has occurred. New landholders who acquire land through purchase or lease (either directly or indirectly through entities) **must submit standard RRA forms before receiving** any Reclamation irrigation water on land subject to the acreage limitation provisions. This even applies to a landholder who has RRA forms on file in other districts and becomes a landholder in yet another district. That landholder must have an RRA form on file in the new district before he/she/it receives Reclamation irrigation water on land in that district, although the landholder will have **60 calendar days** to file new RRA forms in the other districts.

General Exception to the Landholding Change Requirements

If a landholding change results in a landholder’s westwide landholding no longer exceeding the applicable RRA forms submittal threshold, the landholding change requirements are not applicable.

The remainder of this Fact Sheet highlights what constitutes a landholding change.

WHAT CONSTITUTES A LANDHOLDING CHANGE?

Direct Landholders

Landholders who hold land **DIRECTLY** must submit either a standard or verification form on an annual basis. They are also required to submit new standard RRA forms in the time periods specified above if they experience a landholding change. Some examples of landholding changes that require the submittal of new standard RRA forms are:

1. **Change in the number of acres owned or leased.**
2. **Change in the specific parcels owned or leased.**
3. **Change in who is the lessor or lessee.**
4. **Change in the effective date or term (length) of a lease.** However, a **Form 7-21VERIFY**, “Verification of Landholdings,” may be submitted annually in place of a new standard RRA form if all the following conditions are met:
 - (a) You are **ONLY** renewing or extending the length of an **existing annual lease** which (i) has an effective term of 12 months or less and (ii) has either a clause requiring the parties to agree annually to continue the lease or provides an annual opportunity for withdrawal from the lease;
 - (b) The renewal or extension is for a term of 12 months or less; **AND**
 - (c) There is no change in the lessor(s), lessee(s), or land being leased.

5. **Change in the acreage limitation status of the landholder** (i.e., change from being subject to prior law to being subject to discretionary provisions, or change from being a qualified recipient to being a limited recipient).
6. **Change in the identity of the landholder** (i.e., change in marital status or death of a landholder).

If land **does not pass directly** to the surviving spouse (i.e., an estate or trust is created), **a landholding change has occurred**. However, the RRA form(s) filed by the deceased landholder for the current water year will remain valid **until the next water year PROVIDED** (1) the applicable land was eligible to receive Reclamation irrigation water while held by the deceased, and (2) the applicable land remains in the holding of the entity or individual that initially involuntarily acquired the land upon the landholder's death. If either of these criteria is not met, or if the deceased landholder failed to file an RRA form for the current water year, an RRA form(s) must be filed by the appropriate party(ies) **before** any eligible land can receive Reclamation irrigation water.

If the land in question should leave the holding of the entity or individual that initially involuntarily acquired the land, the landholding change provisions are immediately applicable. In any event, the appropriate standard RRA forms must be filed by all applicable landholders prior to receiving Reclamation irrigation water for the water year **immediately following the landholder's death**.

7. **Change in the number of part owners or beneficiaries.**
8. **Change in the percentage or acreage of the legal entity's holding attributed to any part owner or beneficiary.**
9. **Change in the number of excess acres.**

L All requests for redesignations of land (from excess to nonexcess or from nonexcess to excess) **must** be accompanied by a new standard RRA form and a new **Form 7-21XS**, "Designation of Excess Land." If Reclamation approval is required for a redesignation, these forms must be submitted to Reclamation and the redesignation approved in writing **before** the forms are filed with the district. A copy of the approval letter should be attached to the new Form 7-21XS.

10. **Change in lands selected as full cost.** However, landholders who wish to change the lands selected as full cost and who are otherwise eligible to submit a Form 7-21VERIFY are not required to submit a new standard RRA form. Such landholders need to **only** submit **Form 7-21VERIFY** and a new **Form 7-21FC**, "Selection of Full-Cost Land," if RRA forms are being submitted for a new water year. If RRA forms have already been submitted for a water year and the landholder would like to reselect the nonfull-cost and full-cost lands with **no other landholding change**, that action may be taken by submitting only a **Form 7-21FC** to the district(s) if the following criteria are met:

- (a) the landholder has not already received Reclamation irrigation water during the water year in question on a westwide landholding that equals or exceeds the applicable nonfull-cost entitlement; **AND**

- (b) the land the landholder wants to reselect as nonfull-cost or full cost has **not yet received** Reclamation irrigation water during the water year in question. The district must be able to verify that the land in question has not yet been irrigated with such water or the original selection will stand.

- 11. Change in the Internal Revenue Service classification of a legal entity from a partnership to a corporation, or vice versa.**
- 12. Transfer of directly owned land from a landholder to a 100-percent family-owned entity** (this does not include adding a “doing business as” [dba] name).

When a landholding change occurs between a lessee and a sublessor, it is the the lessee and sublessor that must each submit a new standard RRA form within 60 calendar days of the change. The lessor (from whom the lessee leases the land) does not have to submit a new standard RRA form.

Indirect Landholders

Landholders that hold land **ONLY INDIRECTLY** through a legal entity must complete an initial standard RRA form. Generally, such landholders are not required to submit any RRA forms in subsequent years **UNLESS** one of the following occurs:

- 1. A **direct** purchase or lease of land subject to the acreage limitation provisions by a part owner.
- 2. Acquisition of additional land that is held indirectly through a legal entity.
- 3. Any change by the entity that results in an alteration to the information included on the part owner's RRA forms, such as the amount of acreage attributed to the part owner(s).
- 4. A change to the acreage limitation status or identity (e.g., change in marital status) of the part owner. **NOTE:** A change to the acreage limitation status of a partnership, tenancy, corporation, or other legal entity does not affect the acreage limitation status of its part owners.

In the cases described immediately above, a new standard RRA form must be submitted by the landholder within the time periods specified at the beginning of this Fact Sheet.

L Any change in land attributed to a part owner, including beneficiaries of trusts or estates, constitutes a landholding change regardless of who initiates the action. For example, if the landholding of a trust should be changed by a trustee or grantor, then new standard RRA forms must be submitted for, at a minimum, the trust and any affected beneficiary.

Landholders Who Hold Land Directly and Indirectly

Landholders who hold land **BOTH** directly and indirectly are required to submit either a standard RRA form or Form 7-21VERIFY on an **annual basis**. In addition, if any of the landholding changes listed on this Fact Sheet should occur, these landholders must submit new standard RRA forms within the time periods specified at the beginning of this Fact Sheet.

WHAT DOES NOT CONSTITUTE A LANDHOLDING CHANGE?

When a spouse dies and land passes **directly** to the surviving spouse, **no** landholding change has occurred. However, before the surviving spouse receives Reclamation irrigation water during the next water year, a new standard RRA form will be required because the marital designation would change and only one signature would be required.

If a landholding change results in a landholder's westwide landholding no longer exceeding the district's applicable RRA forms submittal threshold, the landholding change requirements are not applicable.

L The information provided above **DOES NOT** include all possible changes which may require the submittal of new standard RRA forms. If you have questions about whether a specific change will require the submittal of a new RRA form, contact your district or the appropriate Reclamation office.

NEED MORE INFORMATION?

For questions about:	See Fact Sheet:
When and where RRA forms must be filed	1
A complete list of RRA forms	1
Signature requirements for RRA forms	10

Also visit www.usbr.gov/rra for more information.

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.

Distributed by the Bureau of Reclamation, United States Department of the Interior.