

PROCEDURE FOR NOTIFICATION OF WATER RIGHT ACTIONS TO THE DEPARTMENT OF REVENUE

Resource Contact: Information Technology Section

References: *Memorandum of Understanding between the Washington State Department of Ecology and the Washington State Department of Revenue related to the sharing of information by the Department of Ecology with the Department of Revenue related to water rights transactions that may be subject to the real estate excise tax (REET).*

Purpose: To implement the *Memorandum of Understanding between the Washington State Department of Ecology and the Washington State Department of Revenue related to the sharing of information by the Department of Ecology with the Department of Revenue related to water rights transactions that may be subject to the real estate excise tax (REET).*

Application: This procedure applies to Ecology staff processing 1) water right change applications changing the place of use or consolidating exempt withdrawals, 2) trust water right forms permanently changing the place of use 3) approval or partial approval of those change requests, 4) assignments of applications and permits, all pursuant to chapters 90.03, 90.44 and 90.80 RCW.

1. Documents for Department of Revenue

- a. Scanned images of permanent trust, Water Conservancy Board and Ecology change and assignment documents should be provided to the Department of Revenue by Water Resources staff. This procedure applies to the following documents:
 - i) **Copies of change applications.** Mark in the progress sheet that copies were sent to Revenue by writing "REET" and the date the document was sent next to other related entries. SEND WITHIN 30 DAYS.
 - ii) **Copies of the orders approving changes and the underlying Report of Examination (ROE).** Wait until the appeal period has expired, then SEND WITHIN 5 DAYS. Mark in the progress sheet that copies were sent to Revenue by writing "REET" and the date the document was sent next to other related entries.
 - iii) **Copies of Water Conservancy Board Record of Decisions (ROD), ROEs and orders approving those decisions.** Wait until the appeal has expired, then SEND WITHIN 5 DAYS.
 - iv) **If any order is appealed, wait until the appeal is resolved.** Copies of orders upheld on appeal (partially or wholly), ROEs and board or court decisions should be SENT WITHIN 5 DAYS.
 - v) **Completed assignment forms.** Mark in the progress sheet that copies were sent to Revenue by writing "REET" and the date the document was sent next to other related entries. SEND WITHIN 30 DAYS.

- b. Scan images in TIFF format. If the following options are available, please use them:
 - i) "Dots per inch" or DPI equals 300
 - ii) "Group four compression" or TIFF4
 - iii) Grayscale
 - iv) If the document is more than one page, create multi-page files rather than a separate file for each page.
 - c. Copy the scanned images in TIF format to the following internet server:
<\\ecylcyapwr03\dor\NWRO> or SWRO or ERO or CRO.
 - i) Permission must be granted to post to the server; contact the Water Resources IT Section to change access rights.
 - ii) Contact the Water Resources IT Section for assistance, if needed, with mapping a drive letter on your PC to the internet server.
 - d. Place the documents in the folder for your region.
 - e. Name the files however you want, but insure that no name is used more than once. Using the default names assigned by the scanner is an easy option. Multiple page documents scanned into multiple files should be named to indicate the files are related.
 - f. Internet postings can be viewed at <https://fortress.wa.gov/ecy/wrx/wrx/export/dor>
2. Notification of permittees (this does not include permanent trusts)
- a. When approving change requests, staff shall notify the applicant or permittee that the decision may have tax implications.
 - b. The notice should use this language (without the quotation marks):

“This decision may indicate a Real Estate Excise Tax liability for the seller of water rights. The Department of Revenue has requested notification of potentially taxable water right related actions, and therefore will be given notice of this decision, including document copies. Please contact the state Department of Revenue to obtain specific requirements for your project. Phone: (360) 570-3265. The mailing address is: Department of Revenue, Real Estate Excise Tax, PO Box 47477, Olympia WA 98504-7477 Internet: <http://dor.wa.gov/> E-mail: REETSP@DOR.WA.GOV.”
 - c. The notice can be in the form of a separate insert or as language inserted into a cover letter that accompanies other documents (e.g., copy of the ROE in the case of non-trust decision or a copy of the 45-day Conservancy Board Notice letter in the case of Conservancy Board Decisions).

Joe Stohr, Program Manager
Water Resources Program