

# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## Guidance Requested on Deductibility of Water Right Contributions.

Thomas Hicks of Trout Unlimited has asked the IRS to include on its 2014-2015 priority guidance list (Notice 2014-18) guidance that clarifies the deductibility of a charitable contribution of an entire interest of an appropriative water right to an organization described in section 170(c) and an undivided portion of the taxpayer's entire interest in an appropriative water right under section 170(f)(3)(B)(ii).

April 30, 2014

Internal Revenue Service  
Attn: CC:PA:LPD:PR  
(Notice 2012-25)  
Room 5203  
P.O. Box 7604  
Ben Franklin Station  
Washington, D.C. 20044

### **RE: IRS Notice 2014-18 Public Comment on Recommendations for 2014-2015 Priority Guidance Plan List**

Trout Unlimited submits these recommendations for the *2014-2015 Priority Guidance Plan*. There remains a continued and overwhelming need for the IRS to clarify an ambiguity in the federal tax deductibility of charitable contributions of entire and certain partial interest of appropriative water rights. Published administrative guidance is sought to clarify Internal Revenue Code (I.R.C.) § 170 and the deductibility of a charitable contribution of:

- 1. an entire interest of an appropriative water right to an organization described in I.R.C. § 170(c); and
- 2. an undivided portion of the taxpayer's entire interest in an appropriative water right under I.R.C. § 170(f)(3)(B)(ii).

This 2014 recommendation is based upon an initial April 2012 recommendation and an October 2012 Revenue Ruling Request. In this interim, there has been increased public interest in the outcome of this Request. Attached is related correspondence between U.S. Senator Max Baucus and the IRS Commissioner. In addition, there are other letters in support from Washington State Department of Ecology, Oregon Water Resources Department, Montana Department of Fish, Wildlife & Parks, and others. Timely resolution of these federal tax ambiguities is important for taxpayers in appropriative water right states. It is particularly important now, in times of climate change and drought, to obtain clarity regarding these questions.

Please call 415.309.2098 if you have any questions or we can be of any further assistance.

- Sincerely,
- Thomas Hicks
- Of Counsel, TU Western Water
- Project
- Trout Unlimited
- Laura Ziemer
- Senior Counsel and Water Policy
- Advisor
- TU Western Water Project
- Trout Unlimited

cc:

Karin Gross  
Internal Revenue Service  
Office of Chief Counsel  
CC:ITA:01 — Room 4043  
1111 Constitution Ave. NW  
Washington, DC 20224  
E-mail: [Karin.Gross@irscounsel.treas.gov](mailto:Karin.Gross@irscounsel.treas.gov)

Ruth Madrigal  
Attorney Advisor  
Office of Tax Policy  
U.S. Department of the Treasury  
1500 Pennsylvania Ave. NW  
Washington, DC 20220  
E-mail: [Ruth.Madrigal@treasury.gov](mailto:Ruth.Madrigal@treasury.gov)