

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER DIVISION
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DIRECTOR**

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Subject: Guidance Memo No. 92-006, Addendum No. 6
Authorization to Issue Certifications for Tax Exemptions of Water Reclamation and Reuse Equipment and Facilities

To: Regional Directors

From: Ellen Gilinsky, Ph.D., Director, Water Division



Date: April 21, 2009

Copies: James Golden, Rick Weeks, Deputy Regional Directors, Regional Water Permit Managers, Neil Zahradka, Fred Cunningham

Summary: §58.1-3660 of the Code of Virginia gives the State Water Control Board authority to certify that specific equipment and facilities will abate or prevent pollution of state waters in order to qualify for certain tax exemptions. This guidance addendum provides information not previously contained in Guidance Memo No. 92-006 regarding certifications for water reclamation and reuse equipment and facilities to obtain tax exemptions.

Electronic Copy:

An electronic copy of this guidance in PDF format is available for staff internally on DEQNET, and for the general public on DEQ's website at: <http://www.deq.virginia.gov/waterguidance/>.

Contact Information:

Please contact Valerie Rourke, Office of Land Application Programs (OLAP) at (804) 698-4158 or varourke@deq.virginia.gov with any questions you have regarding the application of this guidance.

Disclaimer:

This document is provided as guidance and, as such, sets forth standard operating procedures for the agency. However, it does not mandate any particular method nor does it prohibit any alternative method. If alternative proposals are made, such proposals should be reviewed and accepted or denied based on their technical adequacy and compliance with appropriate laws and regulations.

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Equipment and Facilities

Purpose

The Water Reclamation and Reuse Regulation ([9 VAC 25-740](#)), which became effective October 1, 2008, established reclaimed water treatment standards and design requirements for water reclamation systems, satellite reclamation systems, reclaimed water distribution systems and storage facilities of reclaimed and reject water. Per [§58.1-3660](#) of the Code of Virginia, these systems and facilities when designed and constructed in accordance with 9 VAC 25-740, can be certified as water pollution control equipment or facilities eligible for tax exemption. However, existing Water Division [Guidance Memo \(GM\) No. 92-006](#) (Authorization to Issue Certifications for Tax Exemptions) does not address water reclamation and reuse equipment or facilities. The purpose of this guidance addendum is to provide additional information on the issuance of certifications for tax exemptions in accordance with §58.1-3660 for only water reclamation and reuse equipment or facilities.

Guidance

Reclamation systems, satellite reclamation systems, reclaimed water distribution systems, and storage (i.e., reject water and system) as defined in the Water Reclamation and Reuse Regulation ([9VAC25-740-10](#)), may be certified for a tax exemption where these facilities or equipment comply with design criteria specified in [9VAC25-740-110](#). The issuance of a Certificate to Construct (CTC), required per 9 VAC 25-740-120 for reclamation systems and satellite reclamation systems, verifies compliance with these design criteria. Any other water reclamation and reuse equipment or facilities not required to have a CTC must, at a minimum, be permitted by the DEQ in order to be eligible for tax exemption certification. Therefore, equipment or facilities of end users that are *permitted* by the DEQ to blend and/or redistribute reclaimed water received from more than one reclamation system, satellite reclamation system, reclaimed water distribution system or combination thereof, are also eligible for tax exemption certification.

Note that much of the treatment technology used for water reclamation and reuse, particularly for the reclamation of municipal wastewater, will be that currently used by most wastewater treatment works in Virginia. Where equipment or facilities of an existing wastewater treatment works have been previously certified as pollution control equipment or facilities by DEQ, and the same works will now reclaim wastewater for reuse; additional certifications for tax exemptions may be issued for only new treatment equipment or facilities added to the works to reclaim wastewater for reuse.

For a response to inquiries about tax exemption certifications for water reclamation and reuse equipment or facilities, the Regional Office should use the revised Attachment No. 2 included in this addendum instead of the original Attachment No. 2 provided in GM No. 92-006.

Unless otherwise stated above, procedures described in GM No. 92-006 and applicable Addenda thereof, shall apply to the issuance of certifications for tax exemptions of water reclamation and reuse equipment or facilities.

ATTACHMENT NO. 2

**SUGGESTED LETTER TO INQUIRIES CONCERNING TAX EXEMPTION
CERTIFICATION**

Dear :

I am responding to your inquiry concerning the procedures to follow when requesting a State tax exemption for pollution control equipment and facilities under Article 5, Section 58.1-3660 of the Cod of Virginia. We need a letter from you requesting that we certify to the Department of Taxation that your equipment/facilities are for the purpose of abatement or control of water pollution or contamination.

In your request you should provide the following information:

1. Owner name,
2. Project name,
3. Project number,
4. Project completion date, and
5. A moderately detailed description of the equipment or facilities.

**(THE FOLLOWING MAY BE USED IF THE INQUIRY IS FROM AN INDUSTRIAL
USER THAT INVOLVES PRETREATMENT EQUIPMENT OR FACILITIES)**

If your request involves facilities or equipment to pretreat industrial wastewaters prior to a discharge to a municipal sewage treatment plant you should include in item No. 5 the following information:

- a. Location of equipment or facilities,
- b. Brief description of the manufacturing process,
- c. Brief description of the nature, sources and quantities of wastewater; and
- d. Diagrammatic sketch of the wastewater handling/treatment facilities.

In addition, tax exemption requests for pretreatment facilities should also include a letter from the sewage treatment plant owner stating that the equipment/facilities are in conformance with the municipality's pretreatment program.

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(THE FOLLOWING MAY BE USED IF THE INQUIRY INVOLVES EQUIPMENT OR FACILITIES USED FOR SEWAGE TREATMENT, OR SEWAGE OR INDUSTRIAL WASTEWATER RECLAMATION AND REUSE)

If your request involves certification of equipment or facilities used for sewage treatment, or sewage or industrial wastewater reclamation and reuse, indicate the following:

- a. Whether or not plans and specifications have been approved for the project. If the project has been approved, provide the date of approval and the State Water Control Board Memorandum approval number. If the project did not require approval, provide an explanation of why not.
- b. In the case of projects such as pump stations, force mains, gravity sewer lines, and pretreatment systems, provide the name of the receiving sewage treatment plant. In the case of a satellite reclamation system (SRS), provide the name of the sewage collection system and the sewage treatment plant that will receive wasted water and residuals discharged by the SRS.

Note: Where equipment or facilities of an existing wastewater treatment works have been previously certified as pollution control equipment or facilities by the State Water Control Board, and the same works will now reclaim wastewater for reuse; additional certifications for tax exemptions may be issued for only new treatment equipment or facilities added to the works to reclaim wastewater for reuse.

Upon receipt of your request, we will evaluate it and, if appropriate, make the certification to the Department of Taxation. The Department of Taxation will then send the tax exemption directly to you.

If you have any questions, please feel free to contact us.

Sincerely,

Regional Office