

Tax Exempt Status

Southern Oregon University (SOU) exists pursuant to the State law and is under the control of the Southern Oregon University Board of Trustees (ORS.352.025 et seq.).

SOU, as a state institution, generally¹ is not subject to taxation under the Internal Revenue Code of 1986, as amended (Code). SOU is not exempt from tax under Code § 501(c)(3). Rather, its tax exemption flows from Code § 115, and the rule that federal tax provisions do not apply to integral units of state government unless the Code expressly makes the provisions applicable to state governments. *See State of Michigan V. United States*, 40 F3d 817,823 (6th Cir 1994).

Based on the above discussion, grants and bequests to SOU would not be taxed to SOU. Moreover, such gifts would constitute “charitable contributions” under Code § 170 (c)(1). Hence, donors of such gifts would be entitled to claim federal income tax deductions, subject to certain limitations, if the gifts are provided in compliance with applicable Code provisions.

¹ SOU is subject to federal income taxations on tis “unrelated business Income.” Code § 511 (a)(2)(B).