POLICY

.100 POLICY STATEMENT

The Oregon University System (OUS) consists of the Chancellor's Office and the following seven institutions of higher education: Eastern Oregon University, Oregon Institute of Technology, Oregon State University, Portland State University, Southern Oregon University, University of Oregon, and Western Oregon University. OUS exists pursuant to state law and is under the control of the State Board of Higher Education (ORS 352.002).

OUS, as a state institution, generally is not subject to taxation under the Internal Revenue Code of 1986, as amended (Code). OUS 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 OUS would not be taxed to OUS. 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/ OUS is subject to federal income taxation on its "unrelated business income." Code § 511(a)(2)(B).

(One-page statement of OUS's tax exempt status as stated above)

.110 POLICY RATIONALE

OUS seeks to ensure that OUS's tax exempt status is documented, communicated, and clearly understood and applied.

.120 AUTHORITY

- ORS 351.085 - Duties and Powers of Chancellor
- ORS 352.002 - Oregon University System
- OAR 580-040-0005 - Delegation and Assignment of Responsibility
- IMD 6.001 - Finance and Business Affairs Accounting Policies - Assignment of responsibility

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

While OUS's tax exempt status is not new, this policy was approved for the Fiscal Policy Manual by the Vice Chancellor for Finance and Administration on July 1, 2009.

.140 KNOWLEDGE OF THIS POLICY

All Chancellor's Office and institutional personnel with fiscal responsibilities should be knowledgeable of this policy.

.150 DEFINITIONS

None.

.160 RESPONSIBILITIES

The Vice Chancellor for Finance and Administration designates to the Associate Vice Chancellor for Finance and Administration and Controller operational oversight of this policy system wide.
This includes all contacts with the Internal Revenue Service (IRS) regarding OUS's tax exempt status.

.170 POLICY PROVISIONS

Documents provided in the appendix of this policy provide support in understanding and proving OUS's tax exempt status. Any documents extending OUS's tax exempt status to specific locals will be provided in the appendix of this policy.

.690 CONTACT INFORMATION

Direct questions about this policy to the following offices:

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<td>Institution Office of Vice President for Finance and Administration</td>
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<td>General questions from institutional central administration and Chancellor's Office personnel</td>
<td>Chancellor's Office Controller's Division</td>
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.695 HISTORY

07/01/09 - Approved

*Policy Last Updated: 07/01/09*

APPENDIX

.700 DOCUMENTS

- One-page Statement of OUS's Tax Exempt Status
- IRS General Information Regarding the Tax Treatment of State and Local Governments
- District of Columbia Sales and Use Tax Exemption for OUS

.995 HISTORY
07/01/09 Approved

Appendix Last Updated: 07/01/09