

*OUS Fiscal Policy Manual**Oregon University System's TAX EXEMPT STATUS*

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 ^{1/} 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).

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