



UNIVERSITY OF HOUSTON SYSTEM  
UNIVERSITY OF HOUSTON

Tax Director

**MEMORANDUM**

To : Whom It May Concern

From : R. Keith Gernold

Subject : Federal, Tax Exempt Status for the University of Houston System (the "University")

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The University and its components (e.g. UH Main, UH Clear Lake, UH Downtown, UH Victoria, UH Sugar Land, UH Cinco Ranch, and UH Distance Education) operate under one Federal Identification Number, 74-6001399.

As recognized by the Internal Revenue Service (see attached letter dated June 13, 1996), the "University is exempt from federal income tax, because it is a political subdivision / agency of the state of Texas and is described in section 115(1) of the Internal Revenue Code ("IRC")." Amending the IRC changed section 115(a) to 115(1). Section 115(1) provides that organizations are not taxed on "...income derived from...the exercise of any essential governmental function and accruing to a State or any political subdivision thereof..." Recently, in the IRS's certification that the University was a U.S. resident for tax purposes (see IRS Form 6166 attached), the IRS acknowledged that the University was either a "...State, or political subdivision of a State, or an agency, instrumentality, or public educational organization of a State or political subdivision, which is exempt from U.S. tax..."

In addition, the IRS letter dated June 13, 1996, reaffirms that "contributions to the University are tax deductible by the donors under sections 170(b)(1)(A)(ii) (e.g. an educational organization) and 170(b)(1)(A)(v) (e.g. a governmental unit) of the Code." Further evidence that the University is eligible to receive tax-deductible charitable contributions under IRC section 170(c) may be found in IRS Publication 78, Cumulative List of Organizations Described in Section 170(c) of the Internal Revenue Code of 1986 (see attached listing of the University and its components).

Also, the same IRS letter confirms that the University has never applied (IRS Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code) with the IRS for approval as an IRC section 501(c)(3) tax exempt organization. Because of additional filing, more restrictive regulatory requirements, and

increased reporting, it is in the University's best interest not to be considered a section 501(c)(3) organization. Since the University is not a 501(c)(3) organization, it is not required to annually file IRS Form 990, Return of Organization Exempt From Income Tax; however, the University does file an IRS Form 990-T, Exempt Organization Business Income Tax Return, for each year that it receives unrelated business income of more than \$1,000

In conclusion, certain organizations may be considered to be a "private foundation" as provided in IRC section 509. However, the University is excluded from private foundation status, because it is an exempt organization as an educational organization and a governmental unit (IRC section 509(a)(1)). Also, the University is not a "supporting organization" described in IRC section 509(a)(3), since it is not operated , exclusively for the benefit of, to perform or carry out purposes of one or more other organizations.

Internal Revenue Service

Department of the Treasury

District  
Director

1100 Commerce St., Dallas, Texas 75242

R. Keith Gernold  
Director of Tax Compliance  
P.O. Box 230205  
Houston, TX 77223-0205

Person to Contact:

Tim Ladusky

Telephone Number:

(214) 767-1427

Refer Reply to:

DS: 7000DAL 96-722

Date: JUN 13 1996

• Dear Mr. Gernold:

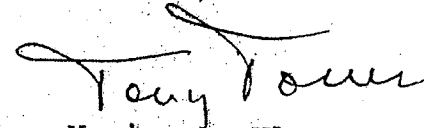
This is in response to your request dated April 29, 1996, and received in this office on May 21, 1996, regarding the University of Houston.

We have reviewed our files and do not find a record of an exempt status under section 501(c)(3) having been granted to the University of Houston. Our records, however, do indicate the University of Houston is exempt from Federal income tax because it is an instrumentality of the state of Texas and is described in section 115(a) of the Internal Revenue Code. Contributions to the University of Houston are tax deductible by the donors under sections 170(b)(1)(A)(ii) and 170(b)(1)(A)(v) of the Code. The University of Houston is not required to file annual returns on Form 990, but must file Form 990-T each year that it receives unrelated business income of more than \$1000.

We will consider this request closed because there is no information available for public inspection.

This concludes my response to your request.

Sincerely,

  
for Marion A. Ulman  
Disclosure Officer

**Internal Revenue Service**

**Department of the Treasury  
P. O. Box 2508  
Cincinnati, OH 45201**

**Date:** August 1, 2006

**Person to Contact:**  
Stephanie Swartzbaugh 31-07594  
Customer Service Specialist  
**Toll Free Telephone Number:**  
877-829-5500  
**Federal Identification Number:**  
74-6001399

UNIVERSITY OF HOUSTON  
% TAX DEPARTMENT  
5000 GULF FWY BLDG 2 RM 219  
HOUSTON TX 77204-0999

Dear Sir or Madam:

This is in response to Keith Gernold's request of August 1, 2006, regarding your organization's federal tax status.

Our records indicate that your organization may be a governmental instrumentality or a political subdivision of a state.

No provision of the Internal Revenue Code imposes a tax on the income of governmental units (such as states and their political subdivisions). Therefore, it has been the position of the Service that income of governmental units is not generally subject to federal income taxation. If, however, an entity is not itself a governmental unit (or an "integral part" thereof), its income will be subject to tax unless an exclusion or exemption applies.

One exclusion is provided by section 115(1) of the Code, which excludes from gross income:  
"...income derived from ... the exercise of any essential governmental function and accruing to a State or any political subdivision thereof ..."

Your organization's income may not be subject to tax, either because the organization is a governmental unit (or an "integral part" thereof), or because the income is excluded under section 115. In addition, your organization may also be eligible to receive charitable contributions, which are deductible for federal income, estate, and gift tax purposes. Also, your organization is probably exempt from many federal excise taxes.

Your organization may obtain a letter ruling on its status under section 115 by following the procedures specified in Rev. Proc. 2002-1 or its successor.

Your organization may also qualify for exemption from federal income tax as an organization described in section 501(c)(3) of the Code. If the organization is an entity separate from the state, county, or municipal government, and if it does not have powers or purposes inconsistent with exemption (such as the power to tax or to exercise enforcement of regulatory powers), your organization would qualify under section 501(c)(3). To apply for exemption, complete Form 1023 and pay the required user fee.

UNIVERSITY OF HOUSTON  
74-6001399

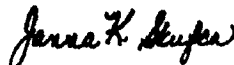
Sometimes governmental units are asked to provide proof of their status as part of a grant application. If your organization is applying for a grant from a private foundation, the foundation may be requesting certain information from your organization because of the restrictions imposed by the Code on such foundations. One such restriction imposes a tax on private foundations that make any "taxable expenditures." Under section 4945(d) and (h) of the Code, "taxable expenditures" include (1) any grant to an organization (unless excepted), unless the foundation exercises "expenditure responsibility" with respect to the grant; and (2) any expenditure for non-charitable purposes. Under section 4942 of the Code, private foundations must also distribute certain amounts for charitable purposes each year—"qualifying distributions"—or incur a tax on the undistributed amount. "Qualifying distributions" include certain amounts paid to accomplish charitable purposes.

Private foundation grants to governmental units for public or charitable purposes are not taxable expenditures under these provisions, regardless of whether the foundation exercises "expenditure responsibility." Under section 53.4945-5(a)(4)(ii) of the Foundation and Similar Excise Tax Regulations, expenditure responsibility is not required for grants for charitable purposes to governmental units (as defined in section 170(c)(1) of the code). Similarly, grants to governmental units for public purposes are "qualifying distributions", under section 53.4942(a)-3(a) of the regulations; and, if they are for charitable purposes, will not be taxable expenditures, under section 53.4945-6(a) of the regulations. Most grants to governmental units will qualify as being for charitable (as well as public) purposes.

Because of these restrictions, some private foundations require grant applicants to submit a letter from the Service determining them to be exempt under section 501(c)(3) and classified as a non-private foundation. Such a letter, or an underlying requirement that a grantee be a public charity, is not legally required to be relieved from the restrictions described above, when the prospective grantee is a governmental unit and the grant is for qualifying (public or charitable) purposes.

We believe this general information will be of assistance to your organization. This letter, however, is not a ruling and may not be relied on as such. If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Janna K. Skufca, Director, TE/GE  
Customer Account Services



CERTIFICATION  
PROGRAM

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
PHILADELPHIA, PA 19255

Date: June 8, 2015

000041

Taxpayer: UNIVERSITY OF HOUSTON  
TIN: 74-6001399  
Tax Year: 2015

I certify that the above-named entity is a State, or political subdivision of a State, or an agency, instrumentality, or public educational organization of a State or political subdivision, which is exempt from U.S. tax under the Internal Revenue Code, and is a resident of the United States of America for purposes of U.S. taxation.

Nancy J. Aiello  
Field Director, Accounts Management



## Search for Charities

Publication 78, *Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986*, is a list of organizations eligible to receive tax-deductible charitable contributions. This online version is offered to help you conduct a more efficient search of these organizations.

For assistance on using Publication 78, see [Publication 78 Help](#).

**Most Recent Data Update: July 1, 2009**

To verify whether an organization has been added or deleted since the most recent update, check the links below.

### Additional Information:

- [Eligible Donees Generally Not Listed in Publication 78](#)
- [Additions to Cumulative List](#)
- [Recent Revocations and Deletions from Cumulative List](#)
- [Suspensions Pursuant to Code Section 501\(p\)](#)

**[SEARCH NOW](#)**

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In addition, you may verify an organization's tax-exempt status and eligibility to receive tax-deductible charitable contributions by asking to see an organization's IRS letter recognizing it as tax-exempt. You may also confirm an organization's status by calling the IRS (toll-free) at 1-877-829-5500.

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You may download the electronic version of Publication 78. The download file is a large (12.6 MB) compressed file, from which you may extract a very large delimited text file. Some computers may have difficulty downloading and extracting a file of this size. In addition, opening the file using word processing software may prevent formatting/appearance issues that may be present if the file is viewed with a text editing program.

**[DOWNLOAD NOW](#)**

**Format:** Microsoft Word, ASCII Text

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*Page Last Reviewed or Updated: July 09, 2009*

## Search for Charities, Online Version of Publication 78 Search Results

Organization

Name

At least one of the words

All of the words

Location

City  State  Country

Deductibility Code

Deductibility Code

[Begin New Search](#) [Search Tips](#)

Show   « Prev | 1-14 | Next »

Name ▲	City	State	Country	Code
Baylor University Womens Association of Houston	Houston	TX	USA	=
Houston Alumni Chapter of Alabama A&M University Alumni Association	Houston	TX	USA	=
The University of Houston Alumni Association	Houston	TX	USA	=
University Baptist Church of Houston Foundation Inc.	Houston	TX	USA	=
University of Houston - Clear Lake	Houston	TX	USA	=
University of Houston - Downtown	Houston	TX	USA	=
University of Houston - University Park	Houston	TX	USA	=
University of Houston - Victoria	Houston	TX	USA	=
University of Houston College of Business Foundation	Houston	TX	USA	=
University of Houston Foundation	Houston	TX	USA	=
University of Houston Geological Alumni Association Inc.	Houston	TX	USA	=
University of Houston Law Foundation	Houston	TX	USA	=
University of Houston System	Houston	TX	USA	=
University of Houston-University Park Chapter of Phi Delta Kappa	Houston	TX	USA	=

« Prev | 1-14 | Next »