

Internal Revenue Service

Department of the Treasury

**P. O. Box 2508
Cincinnati, OH 45201**

Date: May 17, 2001

Person to Contact:

Grant Herring
31-03110

Toll Free Telephone Number:

8:00 A.M. to 9:30 P.M. EST
877-829-5500

Fax Number:

513-263-3756

Federal Identification Number:

74-2648747

The Texas A & M University System
Office of Budgets and Accounting
John B Connally Building
301 Tarrow, Room 605
College Station, TX 77840-7896

*Tax exempt because
part of the State of TX*

Dear Sir or Madam:

This responds to your request for information concerning 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.

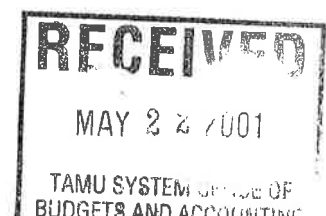
One exclusion is provided by section 115(1) of the Code, which excludes from gross income:

- (A) income derived from the exercise of any essential governmental function,
and
- (B) income accruing to a state or political subdivision.

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, following the procedures specified in Rev. Proc. 2000-4 or its successor. Your organization must also pay a user fee as described in Rev. Proc. 2000-8 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.



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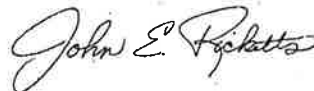
Sometimes governmental units are asked to provide proof of their status as part of a grant application. If your organization is applying for a grant from a private foundation, the foundation may be requesting certain information from your organization because of the restrictions imposed by the Code on 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,



John E. Ricketts, Director, TE/GE
Customer Account Services

CC: Mark A Fankhauser

Entered in PCG

INTERNAL REVENUE SERVICE
District Director

DEPARTMENT OF THE TREASURY
1100 Commerce St., Dallas, TX 75242

Texas A & M University System
% System Comptrollers Office
Mail Stop 1118
College Station, Tx 77843

Person to Contact:
EP/EO Correspondence Examiner

Telephone Number:
(214) 767-6023

Refer Reply to:
EP/EO:CSU:4940DAL

Date: **AUG 27 1993**

RIN: 74-2648747

Dear Sir or Madam:

Instrumentalities of a political subdivision are exempt under section 115 of the Internal Revenue Code and are not required to file Federal Income Tax Return Form 1120, nor Information Return Form 990. Contributions to such organizations are deductible by donors as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devices, transfers of gifts to or for their use are deductible for Federal, estate and gift tax purposes under the provisions of sections 2055, 2106, and 2522 of the Code.

These organizations are not liable for tax imposed under the Federal Insurance Contributions Act (Social Security Taxes). They may, however, obtain Social Security coverage for employees through the State or Department of Public Welfare. Such organizations are required to withhold income tax from wages paid to their employees and make remittances thereof to Internal Revenue Service.

This is an information letter and not a determination letter.

If we may be of further assistance, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

Maria Fisher
EO Technical Assistor

SYSTEM COMPTROLLER
OFFICE

COPY

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12.0 Tax Exempt Status »

Many of you receive requests from outside entities for a "Determination Letter" from the Internal Revenue Service, or some other indication as to the tax status of the A&M System and its Members. See [Appendix B](#) for a copy of the "information letter" provided by the IRS which can be used to respond to such requests.

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About the A&M System »

The Texas A&M University System is one of the largest systems of higher education in the nation, with a statewide network of 11 universities, seven state agencies, two service units and a comprehensive health science center.

A&M System members educate more than 131,000 students and reach another 22 million people through service each year. With more than 24,000 faculty and staff, the A&M System has a physical presence in 250 of the state's 254 counties and a programmatic presence in every one. In 2012, externally funded research expenditures exceeded \$820 million to help drive the state's economy.

Universities		
	Established	Joined A&M System
<u>Texas A&M University</u>	1876	1876
- <u>Texas A&M University at Galveston</u>		
- <u>Texas A&M University at Qatar</u>		
- <u>Texas A&M Health Science Center</u>	1999	1999
<u>Prairie View A&M University</u>	1876	1876
<u>Texas A&M University-Commerce</u>	1889	1996
<u>Tarleton State University</u>	1899	1917
<u>West Texas A&M University</u>	1910	1990
<u>Texas A&M University-Kingsville</u>	1925	1989
<u>Texas A&M University-Corpus Christi</u>	1947	1989
<u>Texas A&M International University</u>	1970	1989
<u>Texas A&M University-Texarkana</u>	1971	1996
<u>Texas A&M University-Central Texas</u>	2009	1999
<u>Texas A&M University-San Antonio</u>	2009	2000
State Agencies		
<u>Texas A&M AgriLife Research</u>	1887	
<u>Texas A&M Engineering Experiment Station</u>	1914	

Universities		Established	Joined A&M System
<u>Texas A&M Forest Service</u>		1915	
<u>Texas A&M AgriLife Extension Service</u>		1915	
<u>Texas A&M Engineering Extension Service</u>		1948	
<u>Texas A&M Veterinary Medical Diagnostic Laboratory</u>		1967	
<u>Texas A&M Transportation Institute</u>		1950	
Texas A&M University System Service Units			
<u>Texas A&M System Sponsored Research Services</u>		2012	
<u>Texas A&M System Technology Commercialization</u>		2013	

Each of the 20 members of the A&M System has its own mission, history and goals. The oldest institution and founding member of the A&M System is Texas A&M University, established in 1876. Many of the member universities and agencies joined the A&M System decades after being established. Together, they strive to provide educational programs, outreach and community enhancement services as well as research that will improve the lives of people in Texas and beyond.

- More than one in five students in a public university in Texas is enrolled in an A&M System institution.
- Texas A&M consistently ranks in the forefront among public universities in Texas in retention rates—keeping students enrolled and on course for graduation both overall and for African-American and Hispanic students.
- A&M System students receive about \$247 million in scholarships and grants, annually.
- The A&M System awarded 28,217 degrees in FY 2013.
- The A&M System's faculty include recipients of the Nobel Prize, National Medal of Science, Pulitzer Prize, World Food Prize and Wolf Prize, as well as members in the National Academy of Sciences and the National Academy of Engineering.

Institution	White	African American	Hispanic	International	Asian/Pacific Islander	Other	Total
Texas A&M University	33,316	1,568	9,346	4,608	2,601	1,780	53,219
Texas A&M University at Galveston	1,685	45	309	22	38	75	2,174
Texas A&M University at Qatar	N/A	N/A	N/A	N/A	N/A	N/A	543
Prairie View A&M University	271	6,933	458	184	241	163	8,250
Tarleton State University	7,977	818	1,526	79	120	417	10,937
Totals	65,238	14,277	35,336	7,497	4,450	4,492	131,833

Institution	White	African American	Hispanic	International	Asian/Pacific Islander	Other	Total
Texas A&M International University	147	56	6,917	223	48	41	7,432
Texas A&M University-Corpus Christi	4,487	564	4,733	515	252	362	10,913
Texas A&M University-Kingsville	1,504	439	4,674	798	77	285	7,777
West Texas A&M University	5,429	454	1,855	172	109	363	8,382
Texas A&M University-Commerce	5,948	2,141	1,464	689	300	526	11,068
Texas A&M University- Texarkana	1,229	282	172	25	27	70	1,805
Texas A&M University-Central Texas	1,087	590	456	4	79	188	2,404
Texas A&M University-San Antonio	1,010	248	3,040	34	57	123	4,512
Texas A&M Health Science Center	1,148	139	386	144	501	99	2,417
Totals	65,238	14,277	35,336	7,497	4,450	4,492	131,833

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