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THE WHITE HOUSE
WASHINGTON

2-27

TO: LINAS KOJELIS

FROM: John G. Roberts, Jr.
Associate Counsel *JGR*
to the President

- FYI
- COMMENT
- ACTION

THANKS FOR THE COPY OF
YOUR LETTER TO DR KYO R. JHIN -
LOOKS FINE. THE PARAGRAPH ON
RECEIPTS PROMPTS ME TO REMIND
YOU, JUST TO BE ON THE SAFE
SIDE, THAT THE FEDERATION MUST
BE A 501(C)(3) ORGANIZATION IF
IT IS TO PICK UP ANY OF
YOUR EXPENSES.

THE WHITE HOUSE

WASHINGTON

February 27, 1985

Dear Kyo:

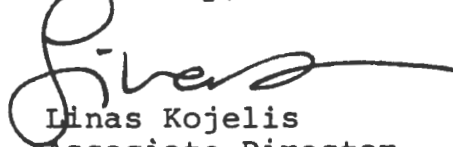
I would like to thank you and the executive committee of the Federation of Korean Associations for inviting me to be a part of your important program in New York last weekend. I am, of course, also very grateful for the handsome plaque and was very moved by this very generous gesture by your organization, as well as by your very kind introduction.

I would also like to thank you for the very generous honorarium of \$500.00. Unfortunately, White House staff policy does not allow me to accept honorariums for speaking engagements. Thus, I am returning the gift in the enclosed envelope.

I am also enclosing two small travel receipts: \$11.00 for cab fare and \$6.00 for airport parking.

It was good to see you in New York and I look forward to having lunch with you on the 11th.

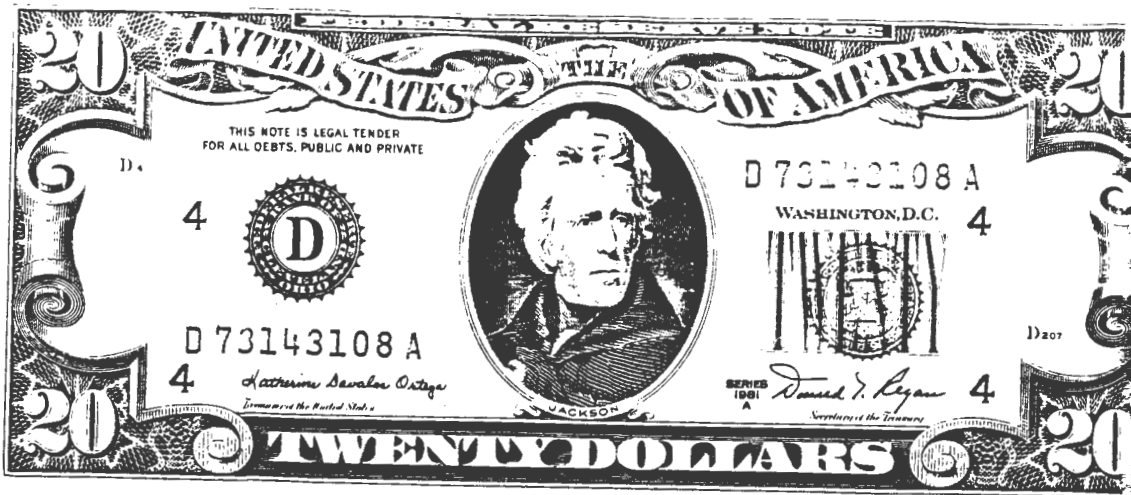
Sincerely,



Linas Kojelis
Associate Director
Office of Public Liaison

Dr. Kyo R. Jhin
Senior Advisor
The Federation of Korean Associations
7 Foxhall Ct.
Silver Spring, MD 20906

bcc: John Roberts





THE WHITE HOUSE
WASHINGTON

*file:
Travel
expenses*

May 13, 1985

John:

I called you on the matter of travel and accomodations reimbursement regarding the invitation the U. of Texas at Houston. Anne Higgins told me to check this out with you folk. Here's a copy of the invitation and material on U.T's tax status. Please advise.

Thanks
M. Batten
Mike Batten
7486

UNIVERSITY OF TEXAS MEDICAL SCHOOL
PO BOX 20708
HOUSTON TX 77225 09PM

Western
Union Mailgram



1-0357208129 05/09/85 ICS IPMBNGZ CSP WH8B
7137924711 MGMB TDBN HOUSTON TX 89 05-09 0402P EST

MR MICHAEL D BATTEN, M.A.
AGENCY LIAISON
THE WHITE HOUSE
WASHINGTON DC 20500

WE WOULD LIKE TO INVITE YOU TO THE UNIVERSITY OF TEXAS MEDICAL SCHOOL AT HOUSTON TO MEET WITH ADMINISTRATION AND FACILITY AND PROVIDE INFORMATION ON ORGAN TRANSPLANT PROGRAMS. YOUR TRANSPORTATION AND ACCOMMODATIONS WILL BE PAID FOR BY THE UNIVERSITY OF TEXAS. WE PLAN ON YOUR BEING PRESENT ON MAY 17 AND 18 AND LOOK FORWARD TO RECEIVING YOUR VALUED COUNSEL.

ALBERT E GUNN MD, ASSOC. DEAN FOR ADMISSIONS
UNIVERSITY OF TEXAS MEDICAL SCHOOL AT HOUSTON
ON

19111 EST

HGMCOMP

Internal Revenue Service

Index Nos.: 0115.00-00
0170.00-00
2522.00-00
0509.00-00
4041.00-00

University of Texas System
201 W. 7th Street
Austin, TX 78701

Department of the Treasury

Washington, DC 20224

Person to Contact:
Robert D. Patchell

Telephone Number:
(202) 566-3626

Refer Reply to:
CC:IND:I:3:2 - 3F2436

Date: 20 MAR 1984

University System = University of Texas System

EIN: 74-6000203 DO 74 TY 84

- B = University of Texas at Arlington
- C = University of Texas at Austin
- D = University of Texas at Dallas
- E = University of Texas at El Paso
- F = University of Texas of the Permian Basin
- G = University of Texas at San Antonio
- H = University of Texas at Tyler
- I = University of Texas Institute of Texan
Cultures at San Antonio
- J = University of Texas Health Science
Center at Dallas
- K = University of Texas Medical Branch at
Galveston
- L = University of Texas Health Science
Center at Houston
- M = University of Texas Health Science
Center at San Antonio
- N = University of Texas System Cancer
Center
- O = University of Texas Health Center at
Tyler

State = State of Texas

Board = Board of Regents of the University of
Texas System

University = University of Texas

Dear Sir or Madam:

This is in response to a letter submitted on behalf of the University System and its component institutions requesting rulings concerning the tax status of these organizations.

According to the information submitted, the establishment of the University was mandated by section 10, article 7 of the constitution of State. Subsequently, the legislature

University of Texas System

established the University System under section 65.02 of Title 3, Tex. Education Code Ann. (Vernon) and organized thereunder the University and its component educational institutions listed as following: B, C, D, E, F, G, H, I, J, K, L, M, N, and O (collectively referred to as the "University System").

Statutory provisions vest the management, operation and control of the University System in the Board. Nine individuals, appointed by the governor of State with the advice and consent of the senate, serve on the Board and are included within the statutory definition of state employees. Additionally, the treasurer of the State has been designated as the treasurer of the University System.

The Board is authorized to prescribe the courses and programs of study that are required to obtain a degree from any of the component institutions in the University System. However, the Board may not establish a four-year undergraduate degree program at a component institution that has not been authorized to do so by specific legislation without obtaining prior approval by a two-thirds vote of the coordinating board of the University System and a specific act of the legislature.

The Board is empowered to make appointments in the component institutions under its control. In its discretion, the Board may also remove any officer, member of the faculty, or employee connected with the University System. The Board is authorized to accept gifts and donations for the benefit of the University System and any of its component institutions. Additionally, the Board has the power of eminent domain to acquire any land that may be necessary for the use of the University System and the taking of such property has been declared to be for the use of the State.

Section 115(1) of the Internal Revenue Code provides that gross income does not include income derived from any public utility or the exercise of any essential governmental function and accruing to a state or any political subdivision thereof.

University of Texas System

Section 115 of the Code does not apply to the states or their political subdivisions, such as counties or towns (or integral parts thereof). Generally, the activities of states and their political subdivisions are exempt from federal income taxation in accordance with the constitutional law doctrine of intergovernmental tax immunity. Also, see Rev. Rul. 71-131, 1971-1 C.B. 28 and Rev. Rul. 71-132, 1971-1 C.B. 29, which hold that income derived from the operation of liquor stores by a state is not subject to federal income tax. Thus, section 115 only applies to organizations that are separate and apart from the state and its political subdivisions.


Based on the information submitted, we conclude that section 115 of the Code does not apply to the income of the University System and its component institutions because they are not organizations established separately from the State. The activities and organizational structure of the University System and its component institutions are established as an integral part of the State's public education program. Therefore, we conclude that the University System and its component institutions are not subject to federal income taxation because they are agencies within State's government.

Section 170(a) of the Code provides, subject to certain limitations, a deduction for contributions and gifts to or for the use of organizations described in section 170(c), payment of which is made within the taxable year.

Section 170(c)(1) of the Code provides, in part, that the term "charitable contribution" means a contribution or gift to or for the use of a state or any political subdivision thereof, but only if the contribution or gift is made exclusively for public purposes.

Section 170(b) of the Code provides, in part, that in the case of an individual, the deduction provided in section 170(a) shall be allowed for any charitable contribution to a governmental unit referred to in section 170(c)(1) to the extent that the aggregate of such contributions does not exceed 50 percent of the taxpayer's contribution base for the taxable year.

University of Texas System

Because we have determined that the University System and its component institutions are agencies within State's government, these organizations are described in sections 170(b)(v) and 170(c)(1). Therefore, we conclude that contributions to the University System and its component institutions are deductible by donors under section 170 of the Code provided such contributions are made for exclusively public purposes. 

Section 2522(a)(1) of the Code provides that in determining the amount of taxable gifts for the calendar year there may be deducted in the case of a donor who was a citizen or resident of the United States at the time the gifts were made, all gifts included in the "total amount of gifts" made by the donor during the calendar year which were made to or for the use of the United States, any state or political subdivision thereof or the District of Columbia for exclusively public purposes.

Section 4.04 of Rev. Proc. 84-1, 1984-1 I.R.B. 10 provides that no gift tax ruling may be issued except to an actual taxpayer upon a specific set of facts. For purposes of the gift tax, the taxpayer is the donor. However, to the extent that the University System is a charity described in section 2522(a)(1) of the Code and all other requirements of section 2522 are met at the time of the gift, transfers to the University System and its component institutions will meet the requirements of that section of the Code.

We regret that we are unable to issue rulings with respect to sections 2055 and 2106 of the Code. Section 5.02 of Rev. Proc. 84-1 provides that the National Office will not rule on matters relating to the application of the estate tax to the property or estate of a living person.

We also are unable to issue a ruling as to the application of section 2602 of the Code. Section 5.02(1) of the foregoing Rev. Proc. provides that rulings are not issued until after the generation skipping trust, or trust equivalent, has been established. Rulings are not issued on a generation skipping transfer tax matter before distribution or termination takes place.

University of Texas System

Section 4041(g)(2) of the Code exempts from the taxes on diesel and special motor fuels imposed by section 4041 sales for the exclusive use of any state, political subdivision thereof, or the District of Columbia. Comparable exemptions from the tax on fuel used in commercial transportation on inland waterways, the tax on heavy trucks and trailers, the manufacturers excise taxes, the tax on communications and the highway use tax are provided by sections 4042(e)(3), 4053(b), 4221(a)(4), 4253(i), and 4483(a), respectively. Also, section 4991(b)(1) of the Code exempts oil from the windfall profit tax imposed by section 4986 where the oil is from an economic interest held by a state or political subdivision thereof and all the net income therefrom is dedicated to a public purpose.

Because the University System and its component institutions are a part of the State, they qualify for the state exemptions from federal excise taxes cited above.

Section 2 of Rev. Proc. 84-1 provides that procedures for obtaining rulings that apply specifically to federal firearms taxes under subtitle E of the Code are under the jurisdiction of the Bureau of Alcohol, Tobacco and Firearms. Therefore, we are unable to issue rulings with respect to sections 5123, 5214, 5362, and 5853 of the Code.

Section 509(a) of the Code provides that the term private foundation means a domestic or foreign organization described in section 501(c)(3) other than an organization described in section 170(b)(1)(A).

Section 501(c)(1) provides for the exemption of corporations organized under Act of Congress, if such corporations are instrumentalities of the United States and if, under such Act, as amended and supplemented, such corporations are exempt from federal income taxes.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

University of Texas System

Section 6033(a)(1) of the Code provides that, except as provided in paragraph (2), every organization exempt from taxation under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements and such other information for the purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe.

Section 1.6033-2(g)(1) provides that a state institution, the income of which is excluded from gross income under section 115(a), and which is otherwise exempt under section 501(a) is not required to file an annual information return on Form 990.

Rev. Rul. 60-384, 1960-2 C.B. 172 provides that a wholly-owned state or municipal instrumentality which is a separate entity (emphasis added) and which is organized and operated exclusively for purposes described in section 501(c)(3) of the Code may qualify for exemption. A state or municipality itself, however, would not qualify as an organization described in section 501(c)(3).

Chapter 13 of the Exempt Organizations Business/Master File Handbook provides guidelines and procedures for listing organizations in the Cumulative List of Organizations in Publication 78 (Pub. 78).

Generally, the organizations listed in Pub. 78 are those that have applied for, and received a determination or ruling letter recognizing them to be exempt under section 501(c)(3). Since the University System and its component institutions have not applied for recognition of exemption under section 501(c)(3) and received a ruling or determination letter favorably recognizing such status and are not organizations exempt under section 501(c)(1), they do not meet the criteria for listing in Pub. 78. The University System and its component institutions were removed from the Exempt Organizations Master File because they had been erroneously listed as organizations recognized to be exempt under section 501(c)(1).

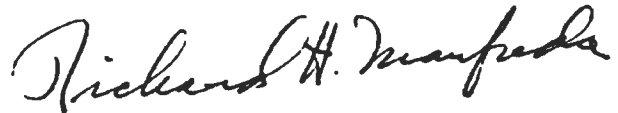
No opinion is expressed as to the federal income tax consequences of the transaction described above under any

University of Texas System

other provision of the Code.

This ruling is directed only to the organizations that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

A handwritten signature in cursive script, reading "Richard H. Manfreda".

Chief, Individual Income
Tax Branch

Enclosures 2
Copy of this letter
Copy for section 6110 purposes

THE WHITE HOUSE

WASHINGTON

June 13, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS 

SUBJECT: Travel Inquiry

B. Oglesby has been invited to speak at the annual dinner of the Brunswick-Golden Isles Chamber of Commerce at the Cloister Hotel on Sea Island, Georgia. His wife has been invited as well. B. has asked whether he may accept transportation (private aircraft) and travel expenses from the Chamber.

The Chamber is not a 501(c)(3) organization, and accordingly B. may not accept transportation or travel expenses for himself. In particular, he should not travel on the Chamber aircraft. As we discussed this morning, since the Chamber may not pay for B.'s travel it may not pay for his wife's.

The foregoing assumes that the travel is official, which I think is the correct assumption.

Attachment

THE WHITE HOUSE

WASHINGTON

June 13, 1985

MEMORANDUM FOR M. B. OGLESBY, JR.
ASSISTANT TO THE PRESIDENT
FOR LEGISLATIVE AFFAIRS

FROM: FRED F. FIELDING *Orig. signed by FFF*
COUNSEL TO THE PRESIDENT

SUBJECT: Travel Inquiry

You have asked if the Brunswick-Golden Isles Chamber of Commerce may pay your travel expenses, and those of your wife, in connection with an invitation for you to address their annual convention. The invitation would have to be considered to have been extended to you in your official capacity, and accordingly you may accept reimbursement of travel expenses only from a 501(c)(3) organization. The Chamber is not such an organization. Since the Chamber may not pay for your travel, it may not pay for that of your spouse. In particular, you should not travel on the Chamber's private aircraft.

FFF:JGR:aea 6/13/85
cc: FFFielding
JGRoberts
Subj
Chron

323179

ID # _____ CU

Ag

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

FG006-01

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 1

(R)

Name of Correspondent: M. B. Oglesby

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: acceptance of travel expenses for speaking engagement to the Brunswick - Golden Isles Chamber of Commerce

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>OH/OLL</u>	ORIGINATOR	<u>8510611</u> <i>PYI</i>		<u>1 1</u>
<u>QUAT 18</u>	<u>D</u>	<u>8510612</u> <i>PYI</i>		<u>S 8510612</u>
		<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOb).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.


323179 *CU*

THE WHITE HOUSE

WASHINGTON

June 11, 1985

MEMORANDUM FOR FRED FIELDING

FROM: M. B. OGLESBY, JR. 

I have been invited to speak to the Brunswick-Golden Isles Chamber of Commerce's annual dinner on Friday, June 21, in Sea Island, Georgia (letter of invitation attached). The Chamber has invited my wife as well.

This memo is to seek specific guidance from your office with regard to acceptance of travel expenses that will be incurred during this trip. For your information, the Chamber has offered transportation (private aircraft) to facilitate my work schedule.

Thank you for your assistance.



YES B

FYI +
return
to
Babs

BRUNSWICK-GOLDEN ISLES CHAMBER OF COMMERCE

Box 250, Brunswick, Georgia 31521
Telephone 912-265-0620

May 24, 1985

Office of the President

Mr. M. B. Oglesby
Assistant to the President
for Legislative Affairs
The White House
Washington, D. C. 20005

Dear Mr. Oglesby:

This letter is to confirm your acceptance to speak at our annual dinner on Friday, June 21st at the Cloister Hotel, Sea Island, Georgia.

We have made arrangements for you to be our guest at the Cloister on Friday, June 21st and Saturday, June 22nd. We will be back in touch with you to arrange for your transportation.

We would appreciate it if prior to the 21st you would send us a biographical sketch from which we might write a proper introduction.

We look forward to having you visit the Golden Isles and speak to our Chamber of Commerce.

Yours truly,

H. P. Weldon

H. P. Weldon
(via Sanders)

HPW:vns

file + photo
x 4 6-5-85
at Lee Dawton Pent
912-265-0620

1 Fri + SAT Nine
LEAVE SUN.

THE WHITE HOUSE

WASHINGTON

August 23, 1985

MEMORANDUM FOR FRED MCCLURE
SPECIAL ASSISTANT TO THE PRESIDENT
FOR LEGISLATIVE AFFAIRS

FROM: JOHN G. ROBERTS 
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Approval of Speaking Invitation from
Breckenridge (Texas) Chamber of Commerce

You have asked this office to approve your acceptance of travel expenses from the Breckenridge Chamber of Commerce, in connection with an invitation extended to you to participate as guest speaker at the Chamber's annual banquet. You have indicated that you would speak on the Administration's programs and policies at the banquet.

The Chamber is a 501(c)(6) organization. Federal law permits acceptance of travel expenses incurred in official travel only from 501(c)(3) organizations. 5 U.S.C. § 4111. Accordingly, if your travel is determined to be official travel, you may not accept reimbursement of expenses from the Chamber, or arrange to have the Chamber pay your travel expenses.

In our view, travel in connection with an address to an organization such as the Chamber on Administration programs and policies must be considered official travel. As noted in the White House Travel Handbook, "as a rule of thumb, if your travel is in furtherance of your official duties or the Administration's policies, it should be considered as "official" travel for purposes of determining whether you may accept expenses." Accordingly, your travel expenses must be paid for from appropriated funds.

FBDDG-D

**WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET**

JR-draft

- O - OUTGOING
 - H - INTERNAL
 - I - INCOMING
- Date Correspondence Received (YY/MM/DD) _____

Name of Correspondent: Fred McClure

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: Approval of speaking invitation from Breckenridge (Texas) Chamber of Commerce

ROUTE TO:		ACTION		DISPOSITION	
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<u>CUITALL</u>		ORIGINATOR	<u>85,07,30</u> TB		<u>1 1</u> TB
		Referral Note:			
<u>CUIT 18</u>		R	<u>8510731</u> TB	S	<u>85108111</u>
		Referral Note:			
			<u>1 1</u>		<u>1 1</u>
		Referral Note:			
			<u>1 1</u>		<u>1 1</u>
		Referral Note:			
			<u>1 1</u>		<u>1 1</u>
		Referral Note:			

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 - C - Comment/Recommendation
 - D - Draft Response
 - F - Furnish Fact Sheet
 - I - Info Copy Only/No Action Necessary
 - R - Direct Reply w/Copy
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 - X - Interim Reply
 - to be used as Enclosure
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 - C - Completed
 - S - Suspended
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- Type of Response = Initials of Signer
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 - Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 26, 1985

4 cu

TO: FRED FIELDING
Counsel to the President

THROUGH: MAX L. FRIEDERSDORE
M.B. OGLESBY, JR. *mf*
PAMELA J. TURNER *mf*

FROM: FRED McCLURE *fm*
Special Assistant to the President
for Legislative Affairs

SUBJECT: Approval of Speaking Invitation from
Non-Profit Organization

Pursuant to section 5(A) of the White House Standards of Conduct relating to "Travel Related Expenses," approval is hereby sought for authority to accept an invitation from the Breckenridge (Texas) Chamber of Commerce. The invitation was not extended to me in my official capacity as a member of the White House staff.

The Chamber is exempt from taxation under the Internal Revenue Code, 26 U.S.C. § 501(c)(6). It is a "...chamber(s) of commerce ...not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

The invitation extended is for me to participate as the guest speaker at the Annual Banquet of the Chamber during the week of February 16, 1986 (a final date has not been selected), in Breckenridge, Texas. The organization proposes to pay for my normal, reasonable travel expenses.

In my view, should I accept this invitation, it will not create an actual or apparent conflict of interest with my official duties if the Chamber reimburses me in the manner described, supra.

Further, I understand that the reimbursement must be disclosed on my annual Executive Personnel Financial Disclosure Report (SF-278), pursuant to 5 U.S.C. app. 4 § 201(a), 5 C.F.R. § 734.604.

MEMORANDUM TO FRED FIELDING
June 5, 1985
Page Two

Should you need additional information concerning this request,
please contact me at extension 6782.

_____ Approve _____ Date _____
Signature

_____ Disapprove _____ Date _____
Signature