

Law Offices Of

RAPPORT AND MARSTON

An Association of Sole Practitioners

200 W. Henry Street
P.O. Box 488
Ukiah, California 95482David J. Rapport
Lester J. Marston(707) 462-6846
FAX 462-4235

June 8, 1994

Ms. Darlene Tooley, Executive Director
Northern Circle Indian Housing Authority
694 Pinoleville Dr.
Ukiah, CA 95482Re: Tax Exempt Status for Northern Circle Indian Housing Authority
Our File No. 82.35.3.29

Dear Ms. Tooley:

You have asked me to explain Northern Circle's tax exempt status in a letter you can furnish to foundations and other sources of grant funds, when they request proof that Northern Circle is a tax exempt charitable organization.

Northern Circle Indian Housing Authority does not have an IRS letter exempting it under Section 501(c)(3). Rather, it has the same tax exempt status as a 501(c)(3) organization and contributions to it are tax deductible, because it has been determined to be a political subdivision of Indian Tribal Governments in the IRS Revenue Ruling which is enclosed with this letter as Attachment 1.

26 U.S.C. §501(c)(3) identifies organizations which are exempt from federal income tax as "including corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, . . .". In addition, contributions to organizations listed in §501(c)(3) are deductible as charitable contributions under 26 U.S.C. §170.

Section 170 also makes deductible as charitable contributions gifts to states and their political subdivisions. Under the Indian Tribal Governmental Tax Status Act, Indian Tribes and their political subdivisions have the same status as state governments and their political subdivisions as far as the deduction of contributions are concerned. 26 U.S.C. §7871 provides that: "An Indian Tribal Government shall be treated as a state for purposes of determining whether and in what amount any contribution or transfer to or for the use of such government (or political subdivision thereof), is deductible under §170 (relating to income deduction for charitable, etc. contributions and gifts), §§2055 and 2106(a)(2) (relating to state tax deduction for transfers of public, charitable, and religious

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uses), or §2522 (relating to gift tax deduction for charitable and similar gifts)."

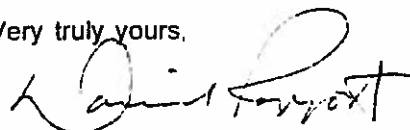
Thus, a political subdivision of an Indian Tribal Government is the functional equivalent of a 501(c)(3) corporation in that both organizations are exempt from federal income tax and contributions to both organizations are tax deductible as charitable gifts.

Political subdivisions of Indian Tribal Governments, like Northern Circle Indian Housing Authority, are required to submit a request for a revenue ruling in order to establish their tax exempt status. §501(c)(3) corporations are required to apply for an exemption determination from the IRS to establish their status. Northern Circle applied for a revenue ruling on March 4, 1992, and a favorable ruling was issued on December 7, 1993. That Revenue Ruling (see enclosed Attachment 1) is the equivalent of an exemption determination for a 501(c)(3) organization.

It establishes that Northern Circle is operated for public and charitable purposes and that contributions to it are deductible to the same extent as they would be if made to a private corporation determined to be organized exclusively for charitable purposes.

I hope this satisfies your concern. If you have any questions or need additional information regarding the subject matter of this letter, please feel free to contact me.

Very truly yours,



DAVID J. RAPPORT
Attorney at Law

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Attachment