

November 19, 2009

To Whom it May Concern:

From: Denise Ulberg, School Finance Division Administrator

RE: Recognized Montana School District

This memo is to verify that Amsterdam School District, Gallatin County, is recognized as a public school district in the state of Montana. Public schools are legally classified as local governments and as such, are not subject to property taxes under state law (MCA 15-6-201). Montana does not have a sales tax.

In addition, the Office of Public Instruction received the following interpretation from the Internal Revenue regarding a Montana school district's tax exempt status under 501(c)(3):

"From: TaxHelp@hal1.ausc.irs.gov
Sent: Friday, May 16, 2003 2:52 PM
To: janderson@state.mt.us
Subject: IRS Email Tax Law Assistance

. . .

Your Question Was:

RE: Public School Districts Acceptance of Donations and Contributions

....Publication 526 states, "Organizations That Qualify To Receive Deductible Contributions You can deduct your contributions only if you make them to a qualified organization. To become a qualified organization, most organizations other than churches and governments, as described below, must apply to the IRS." In Montana, public school districts are legally classified as local governments. Would public K-12 school districts normally be automatically qualified or are public K-12 schools normally required to file for 501(or other similar) status before they are considered qualified? We have read so much written material but seem to never find a clear answer to the question. MTs school districts are state funded, and any donations to the districts are used exclusively for public education purposes or scholarships. Thanks. Joan Anderson, School Finance Director, Montana Office of Public Instruction

The Answer To Your Question Is:

Thank you for your E-mail inquiry, and we regret the difficulty you have experienced in finding a clear response to the issue of whether a Montana School District is considered a qualifying organization for the deductibility of contributions. A state school district is a qualifying 50% organization as it falls under the criteria listed in Number 2 under "50% Limit Organizations discussed on page 9 of Publication 526, 'Charitable Contributions'. Based on the facts presented, it is assumed the school district is an educational organization established by the state made up of and overseeing educational institutions (public schools) having a regularly enrolled student body. As such, the school district is not required to apply for 501(c) status, and is considered by definition to be a qualifying organization. We hope this response is helpful, and is based on Publication 526. . . .

EMPLOYEE ID: 04-01108 Mr. Bisceglia Tel.:(800) 829-1040 msg#: 1428964"

If you need additional information, please contact me at (406) 444-1960 or dulberg@mt.gov.