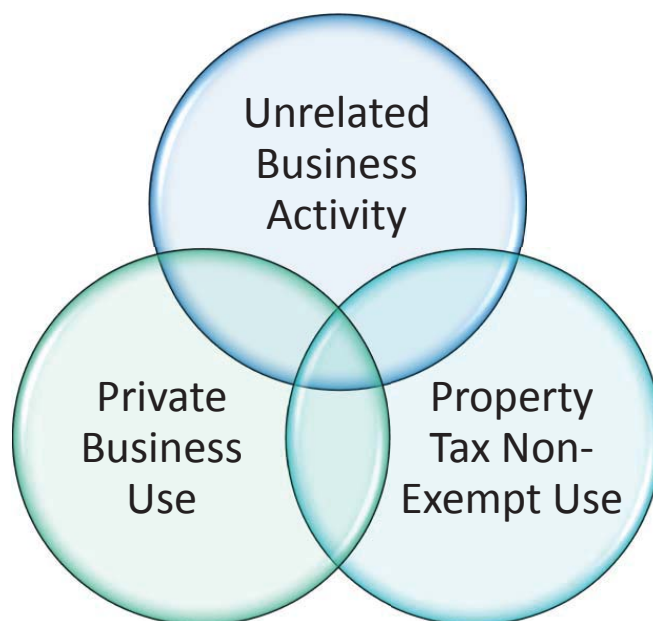


# Property Tax Exemption:

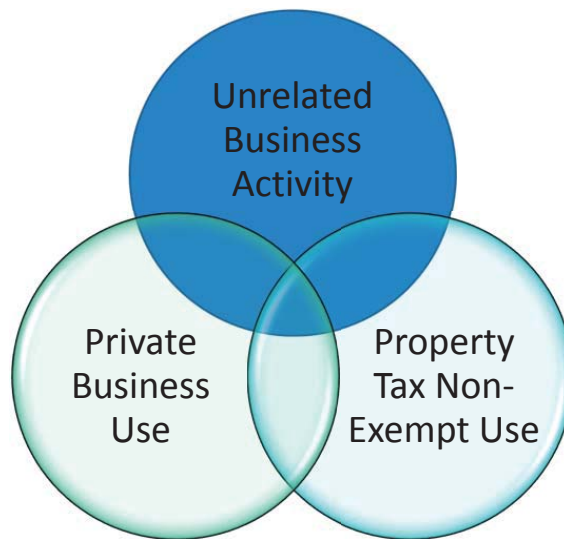
CHALLENGING TIMES FOR YOUR UNIVERSITY



**Unrelated Business Activity:**

1. Trade or business,
2. Regularly carried on,
3. Not substantially related to furthering exempt purpose.

\*Numerous exclusions (*e.g.*, certain royalties, rents, capital gains, investment income) and exceptions



**Private Business Use:**

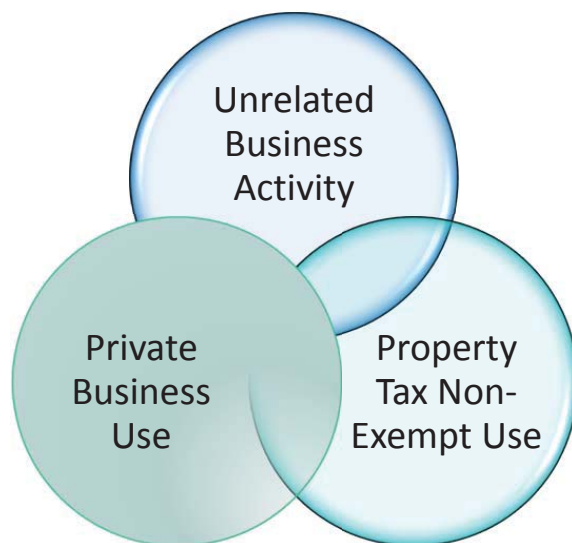
1. use (direct or indirect)
2. of facilities financed by tax-exempt financing
3. in a trade or business
4. by a nonqualified user

≤ 5% PBU (different rule for governmental bonds)

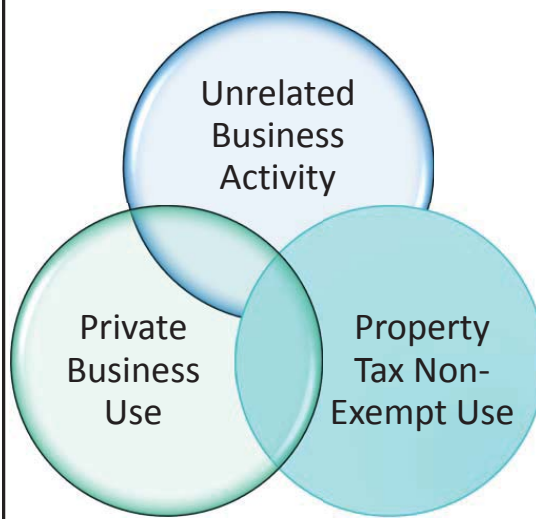
\*Several exceptions and safe harbors

\*Issue-by-issue basis

\*Workarounds



### What's the Test for Property Tax Non-Exempt Use?



- Dominant motive?
- Payment of “profits” or surplus revenue as *raison d’etre*?
- Any payment of “profits” or surplus revenue?
- Commercial activity?
- For-profit competition?
- Engaging in similar activities as for-profits?
- Not engaging in relief of poverty?
- Not reducing government burden?
- Insufficient community benefit?
- Public ownership?
- Public use?
- Other?

## Local Government Sources of Revenue

- Property Tax Payments
- Payments in Lieu of Taxes (PILOTs)
- Voluntary Contributions
- Services in Lieu of Taxes (SILOTs)
- Federal & State appropriations
- Sales and Use tax
- Fees
- Other

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## Title search: Property Tax Exemption: Challenging Times for Your University

Also available as part of the eCourse

[Challenges in Property Tax Exemptions](#)

First appeared as part of the conference materials for the

5<sup>th</sup> Annual Higher Education Taxation Institute session

"Property Tax Exemption: Challenging Times for Your University"