Dear Taxpayer:

This responds to your request for information about your federal tax status. Our records do not specify your federal tax status. However, the following general information about the tax treatment of state and local governments and affiliated organizations may be of interest to you.

GOVERNMENTAL UNITS

Governmental units, such as States and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a State are entities with one or more of the sovereign powers of the State such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

An entity that is not a governmental unit but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a State, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may not be tax deductible to contributors.

TAX-EXEMPT CHARITABLE ORGANIZATIONS

An organization affiliated with a State, county, or municipal government may qualify for exemption from federal income tax under section 501(c)(3) of the Code, if (1) it is not an integral part of the government, and (2) it does not have governmental powers inconsistent with exemption (such as the power to tax or to exercise enforcement or regulatory powers). Note that entities may meet the requirements of both sections 501(c)(3) and 115 under certain circumstances. See Revenue Procedure 2003-12, 2003-1 C.B. 316.
Accounts Management Operations
Kim A. Billups, Operations Manager

Sincerely yours,

Shown in the heading of this letter.
If you have any questions, please call us at the telephone number

annually.

you may seek a private letter ruling by following the procedures
or state jurisdiction whose income is excluded under section 112(c)(3)
of your state's tax statutes. If you are unsure of your status as a governmental unit
letter. However, do not determine that you have any particular
We hope this general information will be of assistance to you.

501(c)(3) tax-exempt status, are available online at www.irs.gov/eco.
state or local law. Form 1023 and Publication 4220, Applying for
Contractors may rely on the status of governmental units based on
grantors, and sometimes want assurance that their grants or contributions are made
additional, private letter rulings to contractors under section

contractors are tax deductible to contractors under section

to have any questions that the organization is exempt from

Federal income tax under Section 501(c)(3) of the Code and that charitable
exemption under Section 501(c)(3) of the Internal Revenue Code.

Most entities must file a Form 1023, Application for Recognition

SEATTLE WA 98104
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KING COUNTY FINANCE

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