

Capital Planning, Design and Construction CSU Compliance with IRS “Private Business Use”

Externally-Funded Research or Academic Activity in Tax-Exempt Bond Funded Facilities

Campus:	
Bond Funded Facility Name:	
Facility Project Number:	
Facility Building Number:	
Facility Completion Date:	
Facility Appropriation Citation:	
Bond Type: <input type="checkbox"/> Systemwide Rev Bond (SRB) <input type="checkbox"/> General Obligation (GO) <input type="checkbox"/> Lease Rev Bond (LRB)	
Bond Year:	
Tax-Exempt Bond Amount:	Taxable Bond Amount:
Reserve Contribution:	

The undersigned has reviewed the arrangements with outside parties relating to research (basic and other) and other academic activity, including grants, contracts and cooperative agreements, as relating to activities conducted by **CSU** and **auxiliary** personnel at the Facility. As used herein, the term CSU and auxiliary include staff, faculty, and students. Any arrangement that meets Sections 1, 2, 3 or 4 below (check all applicable sections) do not result in "private business use" of the Facility. All other arrangements should be listed in Section 5 below, for further review.

1. Grants.

- ☐ Grants received that are, or will be, **true grants**, and not loans or sponsorships. True grants do not impose conditions of how the research or academic activity is to be performed. There is no right to receipt of revenue or expectation of payment to be made, in money or services (including exclusive licenses from any resulting product) to the grantors. Notwithstanding the foregoing, grants may contain a statement of general goals and purposes, with the express understanding that the grant can be revoked if the conditions of receiving the grant are not complied with.

2. Joint agreements with state and local government entities.

- ☐ Agreements that are, or will be, solely with a state or local government entity, including their subsidiaries, such as the University of California system, or state colleges and universities of any state.

3. Basic Research pursuant to IRS Revenue Procedure 2007-47. <https://www.irs.gov/pub/irs-drop/rp-07-47.pdf>

Agreements for basic research (original investigation for the advancement of scientific knowledge not having a specific commercial objective) that are, or will be, compliant with the provisions of IRS Revenue Procedure 2007-47, which provides, in part:

- ☐ a) **Corporate-sponsored research**, where any license or other use of resulting technology by the sponsor is permitted only on the same terms as CSU would permit that use by any unrelated, non-sponsoring party (that is, the sponsor must pay a competitive price for its use). The price paid for

that use of resulting technology must be determined at the time the license or other resulting technology is available for use. CSU need not permit persons other than the sponsor to use any license or other resulting technology.

- ☐ b) **Industry or Federally-sponsored research**, where CSU determines the research to be performed and the manner in which it is to be performed. The title to any patent or other product incidentally resulting from the basic research lies exclusively with CSU; and the sponsor is entitled to no more than a nonexclusive, royalty-free license to use the product of any of that research.
- ☐ c) **Federally-sponsored research agreements under the Bayh-Dole Act**. Rights of the Federal Government and its agencies mandated by the Bayh-Dole Act will not cause a research agreement to fail to meet the exemption requirements as long as the requirements listed in section b) are met.

4. **Academic Studies and Agreements not Included in Basic Research.**

- ☐ Research funded or sponsored by external parties do not result in private business use if they meet all of the following: the sponsor has no right to determine where, or in which facility, the study takes place; the sponsor imposes no restriction on CSU's use of the results of the study; and the sponsor is not the sole, exclusive beneficiary of the results.

5. **All Other Arrangements/Potential Private Business Use.**

Agreements and arrangements with outside parties relating to research or other academic activities not meeting items 1, 2, 3 or 4 above are listed in this section.

Facility / Room #	Research Project Purpose	Sponsor	Estimated ASF	Estimated % of Time Used

For any agreement identified in Section 5 herein, if the amount of associated research or academic activity cannot be localized and measured in ASF and time, is the collective amount of private business use from all such agreement and activities under 1% of the total use for the same Facility?

Yes _____ No _____

To the extent possible, **campus sponsored programs should notify campus facilities prior** to the acceptance of any new agreement or before changes to an existing one, where the terms of the resulting agreement will not meet any of the exceptions identified in items 1, 2, 3 or 4. Please be aware that mitigation steps may need to be taken if an agreement is executed where the resulting private use exceeds the allowable threshold.

- **Campus sponsored programs** will notify **campus facilities** of all **new or revised** agreement(s) where the terms do not meet any of the listed exceptions by **May 1**.
- In accordance with the annual "Tax Compliance, Custodial, Space and Facilities Reporting" requirements, **Campus facilities** will notify the **Chancellor's Office Capital Planning Design & Construction Department** regarding potential "private business use" in all tax-exempt bond financed facilities, as defined under Internal Revenue Code (IRC) Section 141(b) **by May 31**.
(<https://www.irs.gov/tax-exempt-bonds/private-business-use-management-contracts>)

We certify to the best of our knowledge at this time that the above information represents a fair analysis of the potential private use of the Project. We agree to disclose exceptions, should they occur, in accordance with item 5 of this certification.

VP for Administration & Finance/CFO

Date