

400.10 Parking

Income generated by the operation of parking lots and parking garages that are necessary for the normal conduct of the university's mission (i.e. for the use of students, faculty, staff, vendors and others on premises for official university business or to participate in university programs) is not considered UBTI.

Parking Revenues from the General Public

Parking revenues that are generated from the general public for non-university events would likely be treated as taxable by the IRS, depending on factors such as whether the parking spaces were leased to an independent contractor and if additional services were performed. Leased parking spaces/lots to the general public may be considered rental real estate and not subject to UBIT if additional services are not offered. If services beyond the furnishing of heat and light, the cleaning of public entrances, exits, stairways, and lobbies, and the collection of trash, are provided, the additional service may cause the rental to be subject to taxation.

Section 274 Parking Deduction

The Tax Cuts and Jobs Act (TCJA) of 2017 creates a non-deductible expense for costs attributable to providing parking to employees. UBTI is increased by any amount for which a deduction is not allowable because of section 274 and which is paid or incurred by the organization after 2017 for any qualified transportation fringe, any parking facility used in connection with qualified parking, or any on-premises athletic facility (but only if the employer's provision of on-premises athletic facilities discriminates in favor of highly compensated employees).

The University is required to use a reasonable method of determining the annual costs incurred to provide parking to employees.