



Office of General Counsel - Fargo
North Dakota State University
202 Old Main
PO Box 6050
Fargo, ND 58108-6050
701.231.8741
Fax 701.231.6358
www.ndsu.edu/general_counsel

March 23, 2015

Re: North Dakota State University

To Whom It May Concern:

This letter is to inform you that to the best of my knowledge, information and belief, North Dakota State University is an agency of the State of North Dakota which is eligible to receive tax deductible contributions under sec. 170(c)(1) of the Internal Revenue Code. Attached is the IRS determination letter of July 2, 1964, establishing that status. Also, to the best of my knowledge, information and belief, the University is not a private foundation under 509(a) of the Internal Revenue Code.

Sincerely,

Christopher S. Wilson
General Counsel

JUL 2 1937

IN REPLY REFER TO

T:R:EO:3-SX

North Dakota State University of
Agriculture and Applied Science
(f/k/a North Dakota Agricultural College)
State University Station
Fargo, North Dakota 58103

Gentlemen:

We have considered your application for exemption from Federal income tax under section 501(a) as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted indicates that you were established as North Dakota's Land-Grant institution in March, 1890 by the first State Legislature. The institution was known as the North Dakota Agricultural College until November 8, 1960 when a constitutional amendment approved by the voters changed the name to your present name. In our ruling dated February 20, 1936 the "College" was held to be an instrumentality of the State of North Dakota, contributions to which are deductible.

You are organized into six colleges, an Experiment Station and Extension Services. You serve three basic functions, resident education, research and extension. The State Board of Higher Education, which was created by constitutional amendment in 1939, is your governing body, and your president is responsible to the Board.

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, * * *, literary, or educational purposes or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, * * * *".

In order to be entitled to exemption under the provisions of section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified therein.

The State of North Dakota does not qualify for exemption as an organization described in section 501(c)(3) of the Code, since as a state it has purposes and functions of a political and regulatory nature which are not contemplated by section 501(c)(3) of the Code. Similarly, an activity constituting an integral part of the state government cannot qualify for exemption, inasmuch as the organization engaged therein would still be the state government which cannot qualify for exemption as an organization described in section 501(c)(3) of the Code.

It appears that the Legislature of the State of North Dakota because of its concern for the advancement of education and its desire to inform its citizens of improved farm practices, provided for the establishment of a state university of agriculture and applied sciences in the city of Fargo.

Since your activities are an integral part of the activities of the State of North Dakota, it must be concluded that you are not an organization of the type described in section 501(c)(3) of the Code. Accordingly, our ruling dated February 20, 1935, holding the North Dakota Agricultural College to be a instrumentality of the State of North Dakota, is affirmed.

Since the income of a state or political subdivision is not subject to Federal income tax under the provisions of section 115 of the Code, it follows that on the basis of the information furnished, you are not required to file Federal income tax returns.

Contributions made to you for exclusively public purposes are deductible by the donors in computing their taxable income in the manner and to the extent provided by section 170(c)(1) of the Code of 1954, as contributions to or for the use of a state or political subdivision thereof. ←

If you do not agree with these conclusions, you may, within thirty days from the date of this letter, file a brief of the facts, law and arguments, in duplicate, which will clearly set forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission and a conference will be arranged after we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must

be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

If we do not hear from you within the time specified, this communication will become our ruling in the matter and copies of this letter will be forwarded to the District Director, Fargo, North Dakota. Thereafter, any questions concerning your status should be addressed to his office.

Very truly yours,

R. J. Stakem

Acting Chief, Exempt Organizations Branch

RETYPE COPY FOR YOUR CONVENIENCE

July 2, 1964

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Agriculture and Applied Science
(f/k/a North Dakota Agricultural College)
State University Station
Fargo, North Dakota 58103

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R. J. Stakem
Acting Chief, Exempt Organizations Branch