



## MCQUAIDE BLASKO

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January 4, 2008

### Via First Class Mail

Gary C. Schultz  
Senior Vice President for Finance  
and Business/Treasurer  
The Pennsylvania State University  
208 Old Main  
University Park, PA 16802

**In Re: Tax Deductibility of Charitable Contributions to  
The Pennsylvania State University  
Tax Identification No.: 24-6000-376**

Dear Mr. Schultz:

You have requested our opinion, as general counsel to The Pennsylvania State University, with regard to the University's tax-exempt status and the deductibility of contributions to the University.

The Pennsylvania State University is the Land Grant University of the Commonwealth of Pennsylvania. It has provided programs in instruction, research, and public service in accord with the Charter of the University for more than a century. The Pennsylvania State University is an instrumentality of the Commonwealth of Pennsylvania, providing the essential governmental function of higher education and, as such, is qualified as a proper recipient of income which is exempt from Federal Income Tax by virtue of Internal Revenue Code Section 115. This tax-exempt status granted under Section 115 precludes any requirement of obtaining an additional specific exemption under Internal Revenue Code Section 501(c)(3).

The University is not a private foundation by virtue of the exemptions in Section 509(a)(1) and (2). Because the University has not sought tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, it has not formally established its non-private foundation status with the Internal Revenue Service.

Contributions to The Pennsylvania State University are deductible for Federal Income Tax purposes by virtue of Internal Revenue Code 170(c) and 170(b)(1)(A)(ii), and the applicable regulations thereunder.

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Enclosed is a copy of a letter dated September 9, 1949, to the University from the United States Treasury Department to the effect described above.

This opinion letter may be disclosed to any person or distributed in any manner the University shall deem appropriate.

Very truly yours,

McQUAIDE BLASKO

By:   
Daniel E. Bright

DEB:jhb  
Enclosure

cc: Joseph J. Doncsecz (w/enc.)  
Rodney P. Kirsch (w/enc.)  
Michael J. Degenhart (w/enc.)  
John Hanold (w/enc.)



U. S. TREASURY DEPARTMENT

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COMMISSIONER OF INTERNAL REVENUE

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The Pennsylvania State College  
State College, Pennsylvania

Gentlemen:

Reference is made to your letter of August 30, 1949 forwarding an affidavit executed by Mr. S. K. Hostetter, Assistant to the President, with respect to your status for Federal income tax purposes. Your letter and attachment were in reply to office letter dated August 16, 1949 which was addressed to The Nittany Lion Inn requesting it to furnish certain evidence for use in determining its status for Federal income tax purposes.

The information furnished shows that The Nittany Lion Inn, owned by you in its entirety, having no separate corporate existence, is used as a practical laboratory by the School of Home Economics. It is further shown that you are a governmental agency of the Commonwealth of Pennsylvania, operating under the land grant acts.

Based upon the information furnished, it is held that you are an instrumentality of the Commonwealth of Pennsylvania, and as such, you are not subject to Federal income tax. Accordingly, Bureau ruling dated October 29, 1934, holding you to be entitled to exemption from Federal income tax under the provisions of section 101(6) of the Revenue Act of 1934 and corresponding provisions of prior revenue acts and Bureau ruling dated April 23, 1938, affirming your exempt status under the provisions of section 101(6) of the Revenue Act of 1936, are hereby modified to that extent.

Contributions made to you are deductible by the donors in arriving at their taxable net income in the manner and to the extent provided by section 23(b) and (q) of the Internal Revenue Code, as amended, and corresponding provisions of prior revenue acts.

Bequests, legacies, devises or transfers, to or for your use are deductible in arriving at the value of the net estate of a decedent for estate tax purposes in the manner and to the extent provided by sections 812(d) and 861(a)(3) of the Code and/or

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corresponding provisions of prior revenue acts. Gifts of property to you are deductible in computing net gifts for gift tax purposes in the manner and to the extent provided in section 1004(a)(2)(B) and 1004(b)(2) and (3) of the Code and/or corresponding provisions of prior revenue acts.

This ruling is also applicable to The Kittany Lion Inn which is one of your activities.

The collector of internal revenue for your district is being advised of this action.

By direction of the Commissioner.

Very truly yours,

Deputy Commissioner