Internal Revenue Service

Department of the Treasury

District Director

[illegible]
P.O. Box [illegible]
Brooklyn, New York 112[illegible]

Date:

[redacted]

Person to Contact:
[redacted]
Contact Telephone Number:
[redacted]
Refer Reply to:
[redacted]

CERTIFIED MAIL

Dear Sir or Madam:

We have considered your application for tax exemption status under section 501(c)(6) of the Internal Revenue Code.

The evidence presented discloses that you were organized [redacted] under Section [redacted] of the Not-Profit-Corporation law.

The purposes for which the corporation is formed is as follows:

To promote the interests of bulk farm pick-up milk haulers [illegible] [redacted] milk marketing area as defined by the Commissioner [illegible] Agriculture and Markets.

To devise accurate and reliable information concerning the [illegible] hauling business.

To promote a more enlarged and cooperative relationship between [illegible] haulers.

You state on the application that "the organization was formed [illegible] the purpose of obtaining lower group automobile and employee [illegible] insurance rates for member milking hauling business, and for the [illegible] promoting the common interest of milk haulers in [redacted]". To this end your organization provides low cost auto [illegible] worker's compensation for its members. In your correspondence [illegible] [redacted] you state that because of the size of your group you can [illegible] auto and workers compensation on a combined basis, thereby lowering [illegible] premium cost for each individual member.

In a flyer attached your 1024 application addressed to the attenti of [redacted] and [redacted] Milk Haulers you state "We have formed association safety group for the purpose of providing significant saving for your Worker's Compensation and Automobile Insurance." The flyer state that the managing agent for this insurance coverage is the [redacted]. This agency is one that "has successfully written thes coverages for a number of milk haulers, at reduced premiums." The mil haulers are asked to fill out a blank at the bottom of the flyer givin renewal dates of their worker's compensation and truck insurance policies One of the directors of the [redacted] is [redacted].

Section 501(c)(6) of the Code provides for the exemption from Federa income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder o individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines business league as an association of persons having some common busines interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of busines conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 68-264, 1968-1 C.B. 264 exemption was denied to organization which arranged shipments and billings for a fee. In Revenu Ruling 68-265, 1968-1 C.B. 265 an organization that operated a cred information service was denied exemption. These two revenue rulings hold that an activity that serves as a convenience or economy to members in the operation of their businesses is a particular service of the proscribed.

Revenue Ruling 74-81, 1974-1 C.B. 135 denied exemption organization providing group workmen's compensation insurance for members. This activity was held to relieve the members of obtaining insurance on an individual basis, resulting in a convenience in the cond of their businesses. The providing of this insurance is particular services for individual persons as distinguished improvement of business conditions in one or more lines of business.

By your organization providing for its members worker's compen and automobile insurance you are providing a clear convenience and to them in their businesses resulting in savings and simplified opera Accordingly, this activity constitutes the performance of particula services for individual persons. And as the agency which arranges for the insurance for the members of your organization is the Hollis Ross Agenc and one of the directors of your organization is Hollis L. Ross there is inurement to the benefit of a private individual. Consequently, it is held that your organization does not qualify for exemption under secti 501(c)(6) of the Internal Revenue Code.

You are required to file a taxable return Form 1120 or 1041 with District Director of Internal Revenue Service. Please send the return the Internal Revenue Service, P.O. Box 1680, General Post Office, Brook NY 11202.

If you do not agree with this determination, you may request Conference with the Regional Director of Appeals by protesting accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation st in the instructions will be returned for completions.

If we do not hear from you within that time, this determination become final.

Sincerely yours,

[redacted]

District Director

Enclosure: Pub. 892