

Internal Revenue Service

Department of the Treasury

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

District
Director

Date: AUG 6 1984

[REDACTED]

CERTIFIED MAIL

Person to Contact:

Contact Telephone Number:

Refer Reply to:

Gentlemen:

We have considered your application for exemption under section 501(c)(5) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated [REDACTED] under the laws of the State of [REDACTED]. Your purposes briefly stated are to associate your members for their mutual benefit as growers of farm products by promoting the demand for and sale of farm products by promoting the demand for and sale of farm produce and products through advertising and promotional work with handlers, consumers and other, providing members with marketing information and making available outlets for the sale and promotion of farms produce and representing your members' point of view to state and Federal agencies, to buyers and to the public.

Your membership consists of individuals who grow farm produce and raise at least 75% of the farm produce that he or she offers for sale. Your activities are limited to overseeing the promotion of and day-to-day operations of a [REDACTED] Market by the rental of market stalls at a price sufficient to cover operating expenses. Your income is derived primarily from Stall Rental fees, and membership dues. Your disbursements are for advertising and promotion, market manager fees, insurance, legal and professional fees, payments to [REDACTED] and administrative costs.

Section 501(c)(5) of the Code provides for the exemption of labor, agricultural, or horticultural organizations.

Section 1.501(c)(5)-1(a) of the Income Tax Regulations defines a labor, agricultural or horticultural organization as organization's which have no net earnings inuring to the benefit of any member, and have as their objects the betterment of the conditions of persons engaged in pursuits of labor, agriculture, or horticulture, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

Revenue Ruling 66-105, 1966-1 C.B. 145, states that a non-profit Agricultural Corporation whose principal activity is marketing livestock as agent for its members does not qualify for exemption from Federal income tax under IRC 501(c)(5).

Revenue Ruling 74-195, 1974-1 C.B. 135, states that a non-profit organization formed to manage, graze, and sell its members' cattle is providing a direct business service to its members and does not qualify for exemption as an agricultural organization.

On the basis of the evidence presented, we hold that you are organized and operated primarily for the purpose of obtaining space from the City of [REDACTED] and sub-letting space to individual members, and overseeing the promotion of the day-to-day operations of a [REDACTED] Market, which constitutes performance of a direct business service for members, and that you do not qualify for exemption under section 501(c)(5) of the Code. Nor do you qualify for exemption under any other section of the Code.

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

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

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

Very truly yours,

[REDACTED]

District Director

Enclosure: Publication 892