

P.O. Box 1123 - Central Station  
St. Louis, MO 63108

NOV 04 1981

Dear Sir or Madam:

Your application for exemption from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code has been given consideration.

The evidence presented disclosed that you were organized [redacted] and that you operate under the provisions of a Constitution which sets forth your purposes and powers.

Your purposes briefly stated, are:

- "(a) To consider and deal by all lawful means with common problems involved with farm land, agriculture, utility easements, minerals, coal, oil, and gas and the mining and drilling for same, and to secure cooperative action in advancing common purposes of the members of this Association.
- (b) To do anything necessary and proper for the accomplishment of any common purposes related to the foregoing and government, legislation, government and administrative control and taxes."

Your primary activity consists of negotiating contracts on behalf of members with companies and individuals for the use of member property. Your receipts are from membership dues.

Section 501(c) of the Internal Revenue Code of 1954 provides for the exemption of certain organizations described in subsection 501(c):

- "(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), 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, no substantial part of the activities of

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which is carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

Section 1.501(c)(3)-1 of the Income Tax Regulations relates to the definition of the organization and operation of organizations described in Section 501(c)(3). It reads, in part, as follows:

"In order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt. The term 'exempt purposes or purposes', as used in this section, means any purpose or purposes specified in Section 501(c)(3)."

"An organization is organized exclusively for one or more exempt purposes only if its articles of organization limit the purposes of such organization to one or more exempt purposes."

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose."

Moreover, an organization is not organized or operated exclusively for one or more exempt purposes specified in Section 501(c)(3) unless it serves a public rather than a private interest. To meet this requirement it is necessary for an organization to establish clearly that it is not organized or operated for the benefit of any private interests.

Revenue Ruling 78-384, 1978-2 C.B. 174, describes an organization which restricted the use of farm land to farming or such other uses as the organization deemed ecologically suitable for the land. The ruling held that any benefit to the public from this organization's self-imposed restrictions on its own land is too indirect and insignificant to establish that the organization serves a charitable purpose within the meaning of

Section 1.501(c)(3)-1(d)(2) of the regulations, and thus does not qualify for exemption from Federal income tax under 501(c)(3) of the Code.

Also, Revenue Ruling 75-286, 1975-2 C.B. 210, describes an organization with membership limited to the resident property owners and businesses within a city block and formed to preserve and beautify the public areas does not qualify under Section 501(c)(3) of the Code. The ruling stated that by enhancing the value of the roadway sections abutted by property of its members, the organization is enhancing the value of its members property rights, and thus serves the private interests of its members.

Based on information submitted in Form 1023 and accompanying documents, it is clear that your purposes and activities serve the private interests of your members, and are not in furtherance of one or more exempt purposes specified in Section 501(c)(3) of the Code.

Therefore, we have concluded that you do not qualify as an organization described in Section 501(c)(3) of the Code.

You are required to file Federal income tax returns annually on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this proposed adverse determination letter, appeal to the Regional Office through this Key District Office. Your appeal should contain the information described under Regional Office Appeal in the enclosed Publication 892, and should be mailed to this office. The Regional Office will let you know what action they take, and will set a date and place for any conference to be held. If a written protest is not received within the above time period this determination letter will be final.

Section 7428(b)(2) of the Internal Revenue Code provides, in part, that:

"A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."



[REDACTED]

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies.

This is a determination letter.

Sincerely yours,

Signed [REDACTED]

[REDACTED]  
District Director