

[REDACTED]

[REDACTED]

[REDACTED]

MAR 22 1990

Gentlemen:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information presented shows that you were incorporated of [REDACTED], as not for profit, under the laws of the State of [REDACTED] for the following purposes: (1) to facilitate the development of regional animal poison information centers and to support their activities; (2) To encourage the advancement of technology and research in clinical veterinary toxicology and related areas; (3) To improve the professional competence of veterinary practitioners, toxicologists, technologists and other scientists; (4) To provide professional communication with regard to environmental and animal toxicology through technical publications and scientific meetings; (5) To facilitate education and training at all levels in the field of clinical veterinary toxicology.

Your principal activity consists of the development and operation of [REDACTED] to [REDACTED] animal regional poison information centers to be located in universities located throughout the [REDACTED] [REDACTED] and [REDACTED]. Your organization will be governed by representatives from each of the regional centers. The function of the regional centers will be to assist veterinarians and animal owners in the prevention and alleviation of poisoning and chemical contamination of animals. The centers will maintain around-the-clock hotlines staffed by veterinarians trained in clinical toxicology to provide consultative assistance to persons who call.

Article IV of your bylaws provides that membership in your organization will be divided into three classes: Associate Regional Center Members, Sustaining Members and Friends of [REDACTED].

Associate Regional Center Members are limited to regional animal poison information centers located throughout the United States and Canada who have signed an agreement for participation in the Association.

Sustaining Membership in the Association is open to all veterinarians, toxicologists and other scientists, animal hospitals, groups, or centers involved in veterinary toxicology and manufacturers of animal related products, pesticides, drugs, chemicals, or products with which animals may be involved or companies that provide a service that is related to or impact upon the animal industry.

Friends of [REDACTED] membership is open to any animal owner, livestock or poultry producer or other individual.

At the present time there are two regional centers in operation: the [REDACTED] at the [REDACTED] and the [REDACTED] at the [REDACTED].

In addition to benefitting animal owners, veterinarians and manufacturers of animal related products, the information acquired through the normal course of activity of each center will be compiled on the central computer. This data will be retrievable for use in the teaching of toxicology to students and scientists, epidemiologic research on poisoning incidence in animals, assisting manufacturers in the development of safe products, flagging potential contaminators of the environment and using animals as monitors of human health and environmental hazards.

In addition to providing sustaining members with access to generic information relating to cases of spontaneous exposure and toxicosis in animals compiled by the centers and a subscription to your newsletter, the [REDACTED] Report, you also provide an investigative service for such members for alleged adverse effects in animals resulting from use of products manufactured by the member. The regional center receiving the request will designate individuals to serve on an investigating team. Costs of this service, including associated laboratory analyses, will be billed to the member in proportion to the magnitude of the investigation. To become a Sustaining Member, a manufacturer agrees to contribute \$[REDACTED] annually.

Another program established by the Association available to Sustaining Members is the "Industrial Affiliate Program." Under this program you enter into contracts with manufacturers. Pursuant to the terms of the contract you will respond to all calls relating to animals that are exposed to the manufacturer's product. The manufacturer is asked to install an "800" number

which is printed on product labels. Calls from consumers are handled by veterinarians of the Association with expertise in toxicology. The data relating to each case is logged in a computerized database. The member manufacturer may select any of the regional centers to staff the telephone line. All of the data recorded is made available only to the member.

As in the case of Sustaining Manufacturer-Members, under the Industrial Affiliate Program the manufacturer member will receive top priority if an emergency response is needed to investigate alleged adverse effects in animals associated with the manufacturer's products. A regional center receiving the request will designate the individuals to serve on the investigation team. The team will consist of professionals and scientists with expertise in various disciplines designed to meet the needs of the specific problems. Costs for the service and associated laboratory analyses will be billed in proportion to the magnitude of the investigation to ensure cost recovery. To become an Industrial Affiliate, a manufacturer must pay an annual fee of \$ [REDACTED].

Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary, educational and other purposes.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides, 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."

The word "charitable" is defined in section 1.501(c)(3)-1(d)(2) of the regulations as follows:

"Such term includes: Relief of the poor and distressed or the underprivileged; advancement of religion; advancement of education; erection or maintenance of public buildings, monuments, or works, lessening of the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (1) to lessen neighborhood tensions, (2) to eliminate prejudice and discrimination; (3) to defend human and civil rights secured by law; (4) to combat community deterioration and juvenile delinquency..."

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet the requirements of exemption,

it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such individuals.

In Better Business Bureau of Washington, D.C. v. United States, 326 U.S. 279 (1945), the Supreme Court held that a better business bureau, the activities of which are in part aimed at promoting the prosperity and standing of the business community, was not exclusively educational or charitable and not entitled to recognition of exemption under section 501(c)(3) of the Code even though there was also some benefit to the public.

In Rev. Rul. 74-614, 1974-2 C.B. 164, the Service published the position that an association of exempt colleges and universities that devises, operates and provides the organizational structure for a regional network of computers to collect and disseminate scientific and educational information to exempt members' faculties and students is operated for charitable purposes and exempt under section 501(c)(3) of the Code.

Based on the information presented it is the conclusion of this office that you do not meet the requirements for recognition of exemption from federal income tax under section 501(c)(3) of the Code. The basis for this conclusion is that in the operation of the animal poison information centers located in the various regions established and to be established by you, you are providing your Sustaining Manufacturer-Members with a means of securing essential toxicological data necessary in the operation of their businesses. This takes the form of the right of access each sustaining member acquires upon obtaining membership to accumulated generic information relating to cases of spontaneous exposure and toxicosis in the various species of animals that is logged in the computerized database maintained in the regional centers.

Other benefits provided by you to your sustaining manufacturer-members, including those industrial members included in your "Industrial Affiliate Program", which assist them in the operation of their businesses, include priority treatment if an emergency response is needed to investigate alleged adverse effects in animals associated with a member's products, and in the case of those members who elect to participate in the Industrial Affiliate Program, the additional service of responding to all inquiries relating to problems in animals associated with a member's products. These services cannot be considered to be either charitable or educational within the meaning of section 501(c)(3) of the Code, but are of a type which assist your sustaining members in carrying out their individual business activities. In this connection, we believe your

activities are distinguishable from those engaged in by the organization described in Rev. Rul. 74-614, supra. In that case, the organization described therein devised and operated a regional computer network to enable member exempt educational institutions, including faculties and students, to benefit from research and scientific information developed by other member institutions and the federal government.

Our conclusion that you do not meet the requirements for recognition of exemption under section 501(c)(3) of the Code is required irrespective of the fact that you respond to a large number of inquiries made by the general public relating to the poisoning of domestic animals, such as dogs and cats, free of charge.

Accordingly, for these reasons, you are not entitled to recognition of exemption from federal income tax under section 501(c)(3) of the Code and you are required to file federal income tax returns with your key District Director. Consistent with this position, contributions made by individuals to you are not deductible for tax purpose under section 170 of the Code.

You have the right to protest this ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director in Chicago. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the United States Tax Court, the United States

[Redacted]

Claims Court, 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.

Sincerely yours,

(signed) [Redacted]

Chief, Exempt Organizations  
Rulings Branch 2

cc: [Redacted]  
Attn: EO Group

BEST AVAILABLE  
COPY

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[Redacted]	[Redacted]					
Summa							
Date	3-20-90	3/22/90					