

Rev. Rul. 67-109, 1967-1 C.B. 136

A nonprofit corporation organized and operated exclusively for the purpose of establishing and maintaining a roller skating rink as a recreational facility for the benefit and use of the residents of a particular county, in a county-owned building which it occupies rent free in cooperation with the county government, may qualify for exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code of 1954 where the rink is open to the general public upon payment of such nominal dues and admissions charges as are needed to defray operating expenses.

Advice has been requested whether a nonprofit corporation which operates a roller skating rink in the manner specified below is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code of 1954.

The roller skating rink is located in a county-owned building which is made available by the county government to the organization on a rent free basis. The income of the organization, which is derived from admissions, membership fees, and concessions operated in conjunction with the skating facilities, is used to defray operating expenses. Although the charges made are aimed at a break-even operation, any profit which the rink might realize is donated to the county for necessary improvements to the rink building. Membership in the organization, which qualifies one to vote for officers and directors at the annual meeting, and admission to the rink are open to all residents of the county upon payment of a nominal amount.

Section 501(c)(4) of the Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

An organization is operated exclusively for the promotion of social welfare if it is engaged in promoting in some way the common good and general welfare of the people of the community. See section 1.501(c)(4)-1 of the Income Tax Regulations.

A nonprofit organization which is organized and operated solely for the purpose of establishing and maintaining a roller skating rink as a recreational facility in cooperation with a county government, in a building provided rent free by a county, is an organization described in section 501(c)(4) of the Code where the rink is open to all the people of a county upon the payment of such nominal dues and admissions charges as are needed to defray operating expenses. Accordingly, the organization is exempt from Federal income tax under section 501(c)(4) of the Code.

Compare Revenue Ruling 59-310, C.B. 1959-2, 146, which holds

that a nonprofit community swimming pool or public beach for the benefit of a low-income class and supported in part by public contributions may qualify for exemption as a charitable organization described in section 501(c)(3) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(4) of the Code, file an application on Form 1024, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.