

A nonprofit organization formed and operated to lessen racial and religious prejudice in housing and public accommodations by disseminating the results of its investigations and research may be exempt under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed for the purpose of lessening racial and religious prejudice in the fields of housing and public accommodations. It conducts investigations and research to obtain information regarding discrimination against minority groups. The organization meets with proprietors of establishments where discrimination has been observed and with trade associations for the purpose of encouraging better compliance with the applicable civil rights laws. It does not engage in economic boycotts, reprisals, or picketing.

The organization publishes only the statistical results of its investigations which it distributes free to the public. It maintains an office where all the material relating to the surveys, interviewing techniques, and housing is available to interested groups. It also operates a speakers' bureau that provides speakers and discussion leaders to interested groups on the subject matter of the surveys. No part of the organization's activities consists or carrying on propoganda or otherwise attempting to influence legislation.

Membership is made up of individuals and civic groups. Although there is a nominal charge for membership, the organization is financed mainly by public contributions.

Section 501(c)(3) of the Code provides for exemption from Federal income tax of organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines the term 'charitable' as including the promotion of social welfare by organizations designed to lessen neighborhood tensions, to eliminate prejudice and discrimination, and to defend human and civil rights secured by law.

Section 1.501(c)(3)-1(d)(3) of the regulations defines the term 'educational' as including the instruction of the public on subjects useful to the individual and beneficial to the community.

The organization's activities of investigating the existence of discrimination and seeking compliance with applicable laws directly contribute to the elimination of prejudice and discrimination, the defense of human and civil rights secured by law, and the lessening of neighborhood tensions. The information

that is disseminated to individuals and groups within the community through the organization's publication program and speakers' bureau instructs the public on subjects useful to the individual and beneficial to the community.

Accordingly, the organization is exempt from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must (in order to establish exemption under section 501(c)(3) of the Code) file an application on Form 1023, 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.