



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
02/04/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202618013
Release Date: 5/1/26
UIL Code: 501.03-05, 501.03-30

Dear :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437
Redacted Letter 4034
Redacted Letter 4038



Department of the Treasury
Internal Revenue Service

Date:
12/12/2025
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

Legend:

S = Date
T = State
U = State Database
V = City
W = Permit
X = Agency

UIL:

501.03-05
501.03-30

Dear _____ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

Do you qualify for exemption under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

You submitted Form 1023-EZ Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. You attest that you were incorporated on S in the State of T.

You attest that you have the necessary organizing document, that your organizing document limits your purposes to one or more exempt purposes within the meaning of the IRC Section 501(c)(3), that your organizing document does not expressly empower you to engage in activities, other than an insubstantial part, that are not in furtherance of one or more exempt purposes, and that your organizing document contains the dissolution provision required under Section 501(c)(3).

We sent a copy of your Articles of Incorporation, retrieved from the U. Your Articles of Incorporation state that you are formed to enable members to speak with a unified voice, to promote safety as it affects to the industry, operators, and clients, to enhance your industry's interests of your members, and to promote harmony, diversification, and cooperation between resource users. Your Articles of Incorporation did not include provisions for dissolution.

You attest that you are organized and operated exclusively to further charitable purposes. You attest that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3). Specifically, you attest you will:

- Refrain from supporting or opposing candidates in political campaigns in any way
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals
- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially
- Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s)
- Not devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a Section 501(h) election, not normally make expenditures, in excess of expenditure limitations outlined in Section 501(h)
- Not provide commercial-type insurance as a substantial part of your activities

You attest on Form 1023-EZ that you are organized to enable members to speak as a unified voice, to promote safety as it affects your industry, operators, and clients, and to enhance the industry interests of your members. You promote diversification, harmony and cooperation between resource users.

We requested detailed information to supplement your attestations. You state you are a professional trade organization composed of members of the charter fishing fleet in V. You hold regular meetings to facilitate discussion and education affecting your industry and the public. You promote sustainability and stewardship for local natural resources and advocate for responsible policy and fishing regulations within your region and state. Your members and directors also regularly attend state and regional regulatory meetings and workgroups to represent and advocate for your members and your natural resources.

Your members are generally charter boat owners, operators, and crew, as well as other organizations and individuals in related fields or areas of interest. Your membership is made up of professionals from an industry governed by limited entry through a W program administered by the X, and you do not expect your membership to expand. You charge annual dues to become a member or maintain membership, and you structure these dues based on the footprint of the members and businesses wishing to join.

Your primary activity, and the primary use of your membership dues, is to reimburse members for expenses incurred while traveling to regulatory meetings. The bodies holding these regulatory meetings are not legislative bodies but are responsible for setting the rules and regulations for your profession. You consider these reimbursements as educational expenses because fisheries are complicated, and by helping members attend these meetings you offer members the opportunity to attend and learn how things work. You try to fund one or more new members who have not attended a regulatory meeting when possible.

Your minor activities include sponsoring local community outreach or industry events, hosting an annual charter safety and enforcement meeting in conjunction with local officials in your industry, hosting monthly educational meetings during the charter fishing off season, and offering input on proposed regulations related to your industry.

Law

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable or other purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, to be exempt as an organization described in IRC Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in Section 501(c)(3). If an organization fails to meet either the organizational test or operational test, it is not exempt.

Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i) provides that an organization will be regarded as “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 and do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(b)(4) provides that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution, such assets would, by reason of a provision in the organization's articles or operation of law, be distributed for one or more exempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) provides that 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 IRC 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.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) states that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

Rev. Rul. 71-504, 1971-2 C.B. 231, held that a city medical society, exempt under IRC Section 501(c)(6), that primarily directs its activities to the promotion of the common business purposes of its members may not be reclassified as an educational or charitable organization under Section 501(c)(3).

Rev. Rul. 71-505, 1971-2 C.B. 232, held that a city bar association, exempt under IRC Section 501(c)(6), that primarily directs its activities to the promotion and protection of the practice of law may not be reclassified as an educational or charitable organization under Section 501(c)(3).

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279, 66 S. Ct. 112, 90 L. Ed. 67, 1945 C.B. 375 (1945), the Supreme Court stated that the presence of a single nonexempt purpose, if substantial in nature, will preclude exemption under IRC Section 501(c)(3), regardless of the number or importance of statutorily exempt purposes. Thus, the operational test standard prohibiting a substantial non-exempt purpose is broad enough to include inurement, private benefit, and operations that further nonprofit goals outside of the scope of IRC Section 501(c)(3).

Application of law

IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests to qualify for exempt status. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). You have failed to meet both requirements, as explained below.

Your Articles of Incorporation indicates that your purpose is to provide a unified voice for your members, and to promote your members industry. Additionally, your Articles do not distribute your assets to another IRC Section 501(c)(3) organization upon your dissolution. Accordingly, you fail the organizational test because you do not satisfy the requirements stated in Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i) and Treas. Reg. Section 1.501(c)(3)-1(b)(4).

You are not described in Treas. Reg. Section 1.501(c)(3)-1(c)(1) because more than an insubstantial part of your activities is devoted to the non-exempt private purpose of advocating for and reimbursing regulatory meeting attendance costs to your members. Your activities provide a direct benefit to your members which causes your program to further a substantial non-exempt private purpose.

Similar to the organizations described in Rev. Rul. 71-504, and Rev. Rul. 71-505, you are promoting the common business purpose of your members. Your primary activity is reimbursing the attendance costs for your members to attend regulatory meetings. You also advocate for policy and regulations beneficial to your members. The majority of your activities are directed primarily at the promotion of the charter fishing profession and thus further the common business purpose of your members. By operating substantially for the benefit of your members, you are not serving a public interest as described in Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

The Supreme Court held in Better Business Bureau that a single nonexempt purpose, if substantial in nature, would preclude an organization from qualifying under IRC section 501(c)(3) no matter the number or importance of truly exempt purposes. Despite some of the educational activities that you conduct, you substantially serve the private interests of your members which serves a non-exempt purpose and precludes you from exemption under Section 501(c)(3).

Conclusion

Based on the information you have submitted you are neither organized nor operated exclusively for exempt purposes within the meaning of IRC Section 501(c)(3). You are organized for your members benefit, your formation document does not limit your purposes to those described in Section 501(c)(3), and your assets are not dedicated to Section 501(c)(3) purposes upon your dissolution. Additionally, you fail the operational test because you were formed to serve the private interests of your members. Accordingly, you do not qualify for exemption under Section 501(c)(3).

If you agree

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number

- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

For an officer, director, trustee, or other official who is authorized to sign for the organization:
Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service
EO Determinations Quality Assurance
Mail Stop 6403
PO Box 2508
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service
EO Determinations Quality Assurance
550 Main Street, Mail Stop 6403
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

Contacting the Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't

been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpaycradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements