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

Date:
04/29/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202630012
Release Date: 7/24/26
UIL Code: 501.05-01

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)(5). 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.

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

IRS

Date:
03/09/2026
Employer ID number:

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

UIL:
501.05-01

Legend:
B = Date
C = State
D= City
g dollars = Amount

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)(5). 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)(5)? No, for the reasons stated below.

Facts

You were incorporated on B, in the state of C. Your Articles of Incorporation state that you exist to organize, grow, promote, and ensure your success and longevity. You provide opportunities to small local businesses and farmers, and you provide options for produce and products to consumers that are of a higher quality, more sustainable, homemade, and/or homegrown. Your Bylaws state that your sole purpose is to organize and ensure the longevity of thc D farmers' market. Your bylaws also state that your specific purpose to is engage in charitable, educational, and other nonprofit lawful activities which include relationships of trust and teaching teamwork techniques, sharing ideas to bring innovation, furthering the interest in and educational development of agriculture and small business, arts, crafts, and history. You want to keep local commerce thriving within the D community by managing the D farmers' market.

Your only activity, which is put on by your membership under the leadership of your coordinator, is to organize a farmers' market for the D community. You support local agricultural and small businesses by connecting them to customers and you support the community by giving consumers an opportunity to purchase affordable farm fresh food. You provide a place where small businesses can grow, people can make environmentally conscious decisions, and a community is built. You advertise to promote the market try to get a lot of people to show up for the vendors. You have live music from local musicians and kids' activities in partnership with the library. You have markets a season and your last market of the year is a fall fest with pumpkin painting for kids, carnival games, and a scavenger hunt for prizes. Many of the activities are made possible by donations from local businesses.

Your vendors include local farms, independently owned small businesses, and other nonprofits that that fit into the categories of sustainability, community, or farm fresh. Vendors pay a fee of g dollars for each market to sell their products. Vendors sell a variety of fruits and vegetables, beef, honey, eggs, soaps, canned items, baked goods and candles. Vendors also sell used books, clothing, and children's items in addition to crafts, leather goods, coffee and food. Nonprofit vendors provide information on their services and are not charged a vendor fee.

Your revenue comes from vendor fees for the markets you organize. Your expenses include event insurance, advertising, live bands, and other seasonal events and activities to encourage participation from the community.

Law

Internal Revenue Code Section 501(c)(5) provides for the exemption from federal income tax of labor, agricultural, or horticultural organizations.

IRC Section 501(g) provides for purpose of subsection (c)(5) the term "agricultural" includes the art or science of cultivating land, harvesting crops or aquatic resources, or raising livestock.

Treasury Regulation Section1.501(c)(5)-1(a) provides that the organizations covered under IRC Section 501(c)(5) as entitled to exemption are those which (1) have no net earnings inuring to the benefit of any member, and (2) have as their objectives the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

Revenue Ruling 66-105, 1966-1 C.B. 145 held that an organization composed of agricultural producers whose principal activity is marketing livestock as an agent for its members does not qualify for exemption. The principal purpose of the organization is to act as a sales agent for its members. Therefore, the organization does not meet the requirements of Treas. Reg. Section 1.501(c)(5)-1 and is not exempt under IRC Section 501(c)(5).

Rev. Rul. 74-195, 1974-1 C.B. 135, held that a nonprofit organization formed to manage, graze and sell its members' cattle did not of itself better the conditions of those engaged in agricultural pursuits, improve the grade of their products, or develop a higher degree of efficiency in their operations within the meaning of IRC Section 501(c)(5). The principal purpose of the organization was to provide a direct business service for its members' economic benefit.

Rev. Rul. 75-287, 1975-2 C.B. 211, establishes that if the activities of an organization are directed toward the betterment of the conditions of those engaged in some pursuit outside the scope of the term agricultural, it does not qualify for exemption from federal income tax as an agricultural organization described under IRC Section 501(c)(5).

Application of law

You do not meet the qualifications under IRC Section 501(c)(5) or Treas. Reg. Section 1.501(c) (5)-1(a) as your activities are not aimed at the overall betterment of conditions within the agricultural industry and you are not an agricultural organization as describe in IRC Section 501(g). You are not involved in cultivating land, harvesting crops or aquatic resources, or raising livestock. You operate to aid your vendors to sell their goods. You are providing, in return for a fee, promotion and a location for vendors to generate sales of their goods, whereas members would otherwise have to promote and sell their goods themselves. You are relieving them of this responsibility by providing the service of operating the farmers' market. Additionally, the earnings from the sale of products inures to benefit of your vendors.

You are similar to the organization in Rev. Rul. 66-105 in that you provide the marketplace for vendors to sell their goods where they in turn receive revenue from sales. You are providing a location and promotion for the sale of products and relieving vendors of work they would either have to perform themselves or have performed for them.

Like the organization in Rev. Rul. 74-195, you are providing an outlet for sales of vendor products, not bettering the conditions of those engaged in agricultural pursuits, improving the grade of their products, or developing a higher degree of efficiency in their operations. Your main activity is operating a farmers' market and providing a location for the sale of products.

Additionally, like the organization in Rev. Rul. 75-287, your activities are directed toward the betterment of the conditions of those engaged in some pursuit outside the scope of the term agricultural. Your markets include the sale of books, clothing, crafts, leather products, and other non-agricultural products.

Conclusion
Based on the information submitted, you are not operated exclusively for exempt purposes under IRC Section 501(c)(5). Your activities are not directed to the betterment of the conditions of those engaged in agricultural pursuits, the improvement of the grade of their products, or the development of a higher degree of efficiency. Rather, you provide an economic outlet to enable vendors to sell their products directly to consumers. Accordingly, you do not qualify for exemption under IRC Section 501(c)(5).

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:	Street address for delivery service:
Internal Revenue Service EO Determinations Quality Assurance Mail Stop 6403 PO Box 2508 Cincinnati, OH 45201	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.taxpayeradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements