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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

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EXEMPT AND
ENT ENTITIES
VISION

DATE: [redacted]

SURNAME [redacted]

Date: AUG 9 2002

Contact Person:
[redacted]

Identification Number:
[redacted]

Contact Number:
[redacted]

[redacted]

Employer Identification Number: [redacted]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(5). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

Your mission statement indicates that you were organized to stop "the erosion of the rights of animal users, regardless of whether the use of animals is for agribusiness, sport, entertainment or research." You and your members are concerned with maintaining the right to own and use animals in sport, recreation, research, farming and/or entertainment. Your membership is composed of farmers, ranchers, fishermen, hunters, houndsmen, pet owners, and rodeo and gamefowl enthusiasts.

Your source of support is membership dues as well as fundraising events including poultry shows, which include conformation competitions.

You accomplish your goals by "monitoring" federal legislation and informing your members and other animal users of the need for action. You communicate with your members and the public via the Internet, email, telephone and newsletters. You encourage each of your members and non-members interested in your issues to write to their legislators as a part of a grassroots lobbying effort. Your officers and directors work towards building coalitions with other animal use groups on the national level through these same communication campaigns. The majority of your activities are geared toward lobbying on retaining the right to use animals. Additionally, you retain a [redacted] year consultant – former senator [redacted] ([redacted]) to lobby on your behalf.

You state that through your lobbying efforts, you "will improve the product and efficiency of the agricultural community by continually working to retain their right to own and use animals in their industry, whether it is agribusiness, sport, recreation or research."

Section 501(c)(5) of the Code provides, in part, for the exemption from Federal income tax of agricultural organizations.

Section 1.501(c)(5)-1 of the Income Tax Regulations provides that an organization listed under section 501(c)(5) of the Code are entitled to an exemption if they 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.

Rev. Rul. 66-179, 1966-1 C.B. 139 holds that a garden club composed of individuals and businesses engaged in the business of horticulture and related fields, which publishes a monthly trade journal, reports periodically on new developments in horticulture and encourages the development of better horticultural products through a system of awards is exempt from taxation under section 501(c)(5) since the activities of the organization were pursued to improve the conditions of its members and the grade of their products and to develop a higher degree of efficiency in their occupations.

Rev. Rul. 67-252, 1967-2 C.B. 195 holds that a nonprofit organization whose members are processors, packers and distributors of agricultural products is exempt under section 501(c)(6) of the Code, but not under section 501(c)(5) of the Code. Improvement of the conditions of persons engaged in agriculture arose indirectly from the activities of the organization whose purpose was to improve business conditions among its members by promoting their common business interest. The members of the organization were not engaged in agriculture. Instead the organization qualified as a business league under section 501(c)(6) of the Code.

Rev. Rul. 73-520, 1973-2 C.B. 180 holds that an organization that promotes and protects a particular breed of dog not raised or used by members as farm animals is not exempt as an agricultural organization under section 501(c)(5). "Agriculture" is defined as the art or science of cultivating the ground, including preparing the soil, planting seeds, raising crops, and rearing, feeding and managing livestock. "Livestock" is defined as the horses, cattle, sheep and other useful animals kept or raised on a farm or ranch. Since these dogs are not used as farm animals, they cannot be considered livestock. Therefore, by promoting and protecting a particular breed of dog under the circumstances described above does not have as its object the betterment of conditions of persons engaged in agriculture.

Rev. Rul. 75-287, 1975-2 C.B. 211 holds that an organization organized for the purpose of promoting the commercial fishing industry in a particular state, which is directed towards the betterment of the conditions of those engaged in the fishing industry does not qualify as an agricultural organization but as a business league under section 501(c)(6). The scope of the term "agricultural" for purposes of section 501(c)(5) of the Code should be confined to its ordinary and commonly accepted meaning. *Webster's Third New International Dictionary* (3rd ed. 1961) defines "agricultural" as "the science or art of cultivating the soil, harvesting crops, and raising livestock." Thus, commercial fishing falls outside the scope of the term "agricultural" when that term is used in its commonly accepted sense. An organization of this type is an association of persons having a common business interest in the commercial fishing industry.

In Forest City Livestock and Fair Co. v. Commissioner, B.T.A. 32, 215 (1982), the Court held that an organization devoted to horse racing was denied an exemption when the organization ceased to conduct fairs where exhibitions of livestock, farm products and machinery were held and devoted itself to horse racing.

Based on the information you submitted, you have not established that you are an agricultural organization that qualifies for exemption under section 501(c)(5) of the Code. Your information indicates that your members are not in the field of agriculture and your purpose is not limited to bettering the conditions of agriculture.

Section 1.501(c)(5)-1 of the Regulations provides four requirements for exemption under section 501(c)(5) of the Code:

1. Betterment of the conditions of those engaged in labor or agricultural pursuits.
2. Improvement of the grade of products of those engaged in labor or agriculture.
3. Development of a higher degree of efficiency in the members' occupations.
4. No inurement.

The term agricultural for purposes of the Code should be confined to its ordinary and commonly accepted meaning. Rev. Rul. 75-287. "Agricultural" is defined as "the science or art of cultivating the soil, harvesting crops, and raising livestock." Webster's Third New International Dictionary (3rd ed. 1961). "Livestock" as defined in Rev. Rul. 73-520 includes horses, cattle, sheep and other useful animals kept or raised on a farm or ranch.

While not all of an organization's members have to be engaged in agricultural pursuits, an organization seeking exemption under section 501(c)(5) of the Code, must have as its primary purpose, the betterment of conditions of those engaged in agricultural pursuits. Thus, if the primary activities of the organization are to promote any purpose other than the betterment of agricultural conditions, an organization cannot qualify for exemption under section 501(c)(5).

The information you submitted indicates that your primary activities promote purposes other than the betterment of agricultural conditions. The information you provided indicates that you have among your members, those engaged in agriculture e.g. the raising of livestock, i.e. game fowl, rodeos, etc. However, you also state that your membership includes pet owners and sportsmen whose primary concern is the recreational and sport usage of animals. In your correspondence with the Service on [redacted], you stated, "every member is concerned with the loss of use of animals in the areas of pet ownership, sport, recreation, agri-business, research." Additionally, in your response of [redacted] you stated that your members are "concerned with their right to own and use animals in sport, recreation, research, farming, and/or entertainment."

Pets such as dogs and other domestic animals that are not used as farm animals do not qualify as livestock. Rev. Rul. 73-520. When the activity involves the sport, recreation and/or use of an animal for entertainment purposes, there is no longer an agricultural aspect to the activity. Forest City Livestock and Fair Co. v. Commissioner, supra. Also, you are unable to

provide a breakdown of your membership to show that your primary issues and activities are agriculturally related.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(5) of the Code and you must file federal income tax returns.

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

If we do not hear from you within 30 days, this ruling will become final and a copy will be forwarded to the Ohio Tax Exempt and Government Entities (TE/GE) office. Thereafter, any questions about your federal income tax status should be directed to that office, either by calling 877-829-5500 (a toll free number) or sending correspondence to: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201.

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service
[redacted] T:EO:RA:T:2
1111 Constitution Ave, N.W.
Washington, D.C. 20224

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Joseph Chasin
Acting Manager
Exempt Organizations
Technical Group 2

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code	[redacted]	[redacted]				
Surname						
Date						