CERTIFIED MAIL

[redacted]

[redacted]

28 SEP 1983

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [redacted] under the nonprofit corporation laws of the State of Wisconsin.

Your purposes, as stated in your Articles of Incorporation, are to serve as an outlet for [redacted] produced agricultural products, to give growers and producers of goods and consumers an opportunity to deal directly with each other, rather than through third parties, to provide an outlet for the growers and producers of small quantities of eligible products as well as for larger concerns, and to enhance the [redacted] area of the City of [redacted].

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the [illegible]

[redacted] [redacted] [redacted] [redacted] [redacted]

[illegible] 9-2-83 9/23/83

[redacted]

A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive, and the regulations thereunder."

The applicable Income Tax Regulations provide that organizations contemplated by Section 501(c)(6) of the 1954 Code are those whose activities are directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individuals.

Your Form 1024 application and subsequent correspondence indicates the following:

a. The market provides an outlet for the growers or producers of very small quantities of eligible products as well as for larger concerns.

b. The organization operates a market once or twice a week during the summer months in downtown [redacted].

c. Individual farmers and other producers of food (e.g. cheesemakers, bakers) pay a small fee to your organization for a stall.

d. The vendors retain all proceeds from sales made at the market.

e. Vendors are issued stalls or spaces on a first-come, first-served basis.

f. The market is open to the general public.

g. You are not a membership organization.

h. Your organization advertises the market to the general public.

i. You are operated with the assistance of the [redacted], [redacted] and the City of [redacted].

j. [illegible] offset your costs of printing and salary.

[illegible] promoter of the state's agricultural industry

[redacted]

The above clearly indicates that you are performing a service for the individual vendors who sell their products through the efforts of your organization. Earnings from these sales are inuring to the direct benefit of these vendors.

Furthermore, you are not an association of persons having a common business interest and whose activities are directed toward the improvement of business conditions in one or more lines of business.

We have concluded that you do not qualify for exemption from Federal Income Tax as an organization described in Section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120.

If you do not agree with these conclusions, you may within thirty days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If you agree with this determination, please sign and return the enclosed Form 6018.

Sincerely yours,

[redacted]

District Director