

IRS TAX EXEMPT STATUSES FOR FARMERS MARKETS: AT A GLANCE

IRS Status	501(c)(3)	501(c)(4)	501(c)(5)	501(c)(6)
Type	Charitable	Social welfare	Agricultural	Business league
Primary Purpose of Organization	Public education; poverty relief; erecting public structures; lessening burdens of government; combating neighborhood tensions, community deterioration, and delinquency	Furthering the common good and general welfare of the organization's local community (not only a specific group of people). Membership organizations must demonstrate that member services benefit the community as a whole.	Promoting the interests of people raising livestock or growing crops through better conditions, improved products, or occupational efficiency.	Improving business conditions for people with a common business interest. Must be an open membership organization providing membership support and collecting member dues.
Example Qualifying Market Activities	Public cooking demonstrations,, creating public venue for market, publishing newsletter, nutrition education for schools and low-income populations, locating market in food desert, establishing food stamp programs and donating excess produce.	Planning market to improve/beautify public areas, create better community shopping opportunities, and attract people to business district; vendor recruitment and support to revive local economy; donating to (c)(3)s.	Promotion and education about local farm products, business strategy training for farmer-vendors, providing new marketing outlets for farmers.	Securing space for farmers market, promoting farmers market, providing vendor education and training services.
Donations Tax Deductible	Y	N	N	N
Lobbying Allowed	Y (must be small, legislation only, no elections)	Y	Y	Y
Example Markets	Bellevue, WA Farmers Market donates over \$4,000 of produce/year to Hopelink, accepts WIC coupons, and offers free children's entertainment and other community services at market. Others: Webb City, MO; Hub City, SC; Tower Grove, MO; Houston, TX.	Palo Alto Farmers Market; donates proceeds to an organization serving seniors. Heart of the City Farmers Market in San Francisco's Tenderloin; provides fresh food to low-income residents. Others: Tenino, WA; Memphis; Rochester Downtown; New Hope, MN; Hillsdale, Portland, OR.	Franklin, TN Farmers Market; first goal of which is to "provide a venue for family farms to sell what they produce," distributed 27,000 lbs of excess produce to food insecure Franklin residents in 2008. Bath, ME Market; aims to "provide a direct venue" for Maine farmers.	Portland Farmers Market; operates 4 markets with vendor sales in excess of \$5 million and run by paid staff and an all-volunteer board, receives no city, state, federal funding. Others: Concho, AZ; Pendleton, OR; Athens, OH.
Number and Percentage of exempt Farmers Market Organizations with each designation as of July 29, 2010¹	53 43%	19 16%	14 11%	37 30%

*This document was compiled for the Farmers Market Coalition by Sarah Johnson and Katie Stewart

¹ Data obtained from IRS.gov, Tax Stats-Exempt Organizations, IRS Master File Data