

ECONOMIC DEVELOPMENT, RIGHT AND WRONG

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Economic development organizations may be exempt if the assistance they provide is "targeted (1) to aid an economically depressed or blighted area; (2) to benefit a disadvantaged group, such as minorities, the unemployed or underemployed; and (3) to aid businesses that have actually experienced difficulty in obtaining conventional financing (a) because of the deteriorated nature of the area in which they were or would be located or (b) because of their



minority composition, or to aid businesses that would locate or remain in the economically depressed or blighted area and provide jobs and training to the unemployed or underemployed from such area only if the economic development corporation's assistance was available." 1992 EO CPE Text G. Economic Development Corporations.

This basis for exemption seems to be often misunderstood—many organizations seek exemption on the grounds that they provide economic development, but they fail to qualify because they are not operating in a depressed area or otherwise fail to meet the above factors. For example, in PLR 201135032, the IRS denied 501(c)(3) status to an economic development organization. In that case, the organization implemented the principles of the Main Street Program to revitalize the business district of a city. In particular, the organization sought to advance commerce, improve relations among businesses and promote historic preservation. The organization did not qualify because the business district was not in an economically depressed area and the assistance was not

targeted specifically for the "poor, distressed, unemployed, elderly, children, or other charitable class."

With respect to the first factor, I have successfully argued that areas are depressed based on census data regarding poverty. To further make this point, below I present some contrasts (showing the spectrum from not economically depressed to economically depressed) from popular culture that should make application to your situation easier.

	<u>Affluent</u>	<u>Borderline</u>	<u>Charitable</u>
[<i>Star Wars</i>]	Death Star	Tatooine	Hoth
[<i>The Hunger Games</i>]	The Capitol	District 1	District 12
[<i>Pride and Prejudice</i>]	Pemberley	Longbourn	Cheapside
[<i>The Matrix</i>]	The Matrix	Zion	Nebuchadnezzar
[<i>It's a Wonderful Life</i>]	Bailey Park	Bedford Falls	Pottersville

MEET THE TEAM



Nathan M. Boyce

St. Louis

nathan.boyce@bclplaw.com

[+1 314 259 2257](tel:+13142592257)

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