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October 9, 2007

VIA EMAIL: kathy@tetonvalleyadvocates.org

Kathy Rinaldi
 Valley Advocate for Responsible Development
 P.O. Box 1164
 Driggs, ID 83422

Matter: VARD Tax Exempt Status
 Our File: 6096-6

Dear Kathy,

As tax counsel for Valley Advocates for Responsible Development (VARD), I write regarding the Teton Valley Alliance's allegation that Jeff Carter's letter asking citizens for their support of VARD violated Section 501(c) (3) of The Internal Revenue Code ("IRC"). TVA is also concerned the statement in Mr. Carter's letter that "VARD is actively looking across the West for proven ordinances that can serve as a resource for the county as they craft ordinances that would fully implement the intention of our new comprehensive plan" violates Section 501(c) (3). The law does not support this concern.

To our knowledge, VARD does not participate as an organization in any political campaigns on behalf of or in opposition to any candidate for public office. Mr. Carter was no longer a candidate for public office when the letter was submitted and it makes no reference to supporting or not supporting any particular candidate nor does it express, either directly or indirectly, any specific political belief.

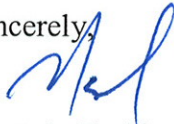
Section 501(c) (3) exempts from tax certain organizations that are charitable, educational, religious, or scientific. Mr. Carter's statement that VARD would search for ordinances to help implement Teton Valley's comprehensive plan is unquestionably proper for a 501(c) (3) organization. Treasury regulations acknowledge that "instruction of the public on subjects useful to the individual and beneficial to the community" may be considered "educational." The regulations provide that an "organization may be educational even though it advocates a

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particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion.” Treasury Regulation §1.501(c)(3)-1(d)(3)(i). The IRS in Revenue Ruling 70-79 held that a non-profit organization was acting in accordance with 501(c)(3) by assisting local governments of a metropolitan area by conducting research to develop solutions for common regional problems. Mr. Carter’s statement that VARD will be looking for ordinances that support the new comprehensive plan for Teton County does not in any way violate Section 501(c)(3).

As for the claim that VARD's activities are attempting to influence legislation, we would note that first, we don't read Mr. Carter's letter as any attempt to influence legislation. Even if we were to agree, VARD is permitted to lobby as long as those activities are not a substantial part of the organization's activities. Given the broad range of activities VARD performs in the valley, we have no reason to believe that the activities Mr. Carter outlines, to the extent they constitute lobbying, constitute a substantial part of VARD's activities. For comparison, in some cases, IRS rules permit a tax-exempt organization to spend several hundred thousand dollars on lobbying.

Sincerely,



Scott A. Tschirgi

SAT/kda