



Resolution

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

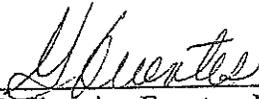
Resolution No. 539

A RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENTS FILED WITH THE CITY CLERK ENTITLED "City of San Luis Utility Billing Announcement Fee."

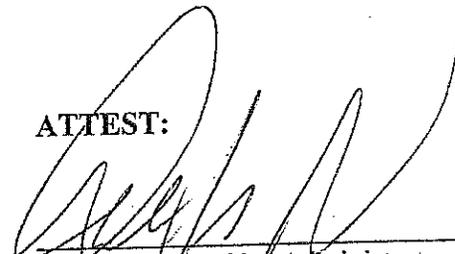
NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of San, Arizona as follows:

That a certain document entitled "**City of San Luis Utility Billing Announcement Fee**", three copies of which are on file in the office of the City Clerk, is hereby declared to be a public record, and said copies are ordered to remain on file with the City Clerk.

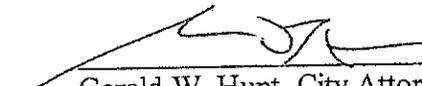
PASS AND ADOPTED, by the Mayor and City Council of the City of San Luis, Arizona this 12th day of November, 2003.


Guillermina Fuentes, Mayor

ATTEST:


Alex U. Ruiz, City Administrator

APPROVED AS TO FORM:


Gerald W. Hunt, City Attorney



City of San Luis

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City of San Luis Utility Billing Announcement Fee

The City of San Luis utility billing system allows for the dissemination of information via the monthly billings. For the fee of \$200.00 per billing period, any organization which has been granted 501 (c)(3) status as described in IRC Section 501 (c)(3) below may publish announcements directly related to the charitable workings of the organization. Announcement space is limited and will be distributed on a first come, first serve basis. However, any one announcement is limited to three (3) consecutive months of publication.

The following represents the necessary approvals the City of San Luis requires prior to the announcement placement on the utility bill:

- 1) Said organization must present the announcement to the City Administrator or his designee for review and approval no less than two weeks in advance of the billing mailing. The utility billing mailings occur during the first week of each month.
- 2) Upon approval by the City Administrator, payment of the \$200.00 fee is due at City Hall, 767 N. 1st Avenue, San Luis, Arizona.
- 3) Said organization must present the approved announcement and proof of payment to the Public Works Director who will include the announcement in the next utility billing announcement area.

501 (c)(3) Exemption Requirements

To be tax-exempt as an organization described in IRC Section 501(c)(3) of the Code, an organization must be organized and operated exclusively for one or more of the purposes set forth in IRC Section 501(c)(3) and none of the earnings of the organization may inure to any private shareholder or individual. In addition, it may not attempt to influence legislation as a substantial part of its activities and it may not participate at all in campaign activity for or against political candidates.

The organizations described in IRC Section 501(c)(3) are commonly referred to under the general heading of "charitable organizations." Organizations described in IRC Section 501(c)(3), other than testing for public safety organizations, are eligible to receive tax-deductible contributions in accordance with IRC Section 170.

The exempt purposes set forth in IRC Section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and the prevention of cruelty to children or animals. The term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening the burdens of government; lessening of neighborhood tensions; elimination of prejudice and discrimination; defense of human and civil rights secured by law; and combating community deterioration and juvenile delinquency.

To be organized exclusively for a charitable purpose, the organization must be a corporation, community chest, fund, or foundation. A charitable trust is a fund or foundation and will qualify. However, an individual or a partnership will not qualify. The articles of organization

must limit the organization's purposes to one or more of the exempt purposes set forth in IRC Section 501(c)(3) and must not expressly empower it to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of one or more of those purposes. This requirement may be met if the purposes stated in the articles of organization are limited in some way by reference to IRC Section 501(c)(3). In addition, assets of an organization must be permanently dedicated to an exempt purpose. This means that should an organization dissolve, its assets must be distributed for an exempt purpose described in this chapter, or to the federal government or to a state or local government for a public purpose. To establish that an organization's assets will be permanently dedicated to an exempt purpose, the articles of organization should contain a provision insuring their distribution for an exempt purpose in the event of dissolution. Although reliance may be placed upon state law to establish permanent dedication of assets for exempt purposes, an organization's application can be processed by the IRS more rapidly if its articles of organization include a provision insuring permanent dedication of assets for exempt purposes.

An organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of the exempt purposes specified in IRC Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

The organization must not be organized or operated for the benefit of private interests, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. No part of the net earnings of an IRC Section 501(c)(3) organization may inure to the benefit of any private shareholder or individual. A private shareholder or individual is a person having a personal and private interest in the activities of the organization. If the organization engages in an excess benefit transaction with a person having substantial influence over the organization, an excise tax may be imposed on the person and any managers agreeing to the transaction.

An IRC Section 501(c)(3) organization may not engage in carrying on propaganda, or otherwise attempting, to influence legislation as a substantial part of its activities. Whether an organization has attempted to influence legislation as a substantial part of its activities is determined based upon all relevant facts and circumstances. However, most IRC Section 501(c)(3) organizations may use Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation, to make an election under IRC Section 501(h) to be subject to an objectively measured expenditure test with respect to lobbying activities rather than the less precise "substantial activity" test. Electing organizations are subject to tax on lobbying activities that exceed a specified percentage of their exempt function expenditures.

For purposes of IRC Section 501(c)(3), legislative activities and political activities are two different things, and are subject to two different sets of rules. The latter is an absolute bar. An IRC Section 501(c)(3) organization may not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Whether an organization is engaging in prohibited political campaign activity depends upon all the facts and circumstances in each case. For example, organizations may sponsor debates or forums to educate voters. But if the forum or debate shows a preference for or against a certain candidate, it becomes a prohibited activity. The motivation of an organization is not relevant in determining whether the political campaign prohibition has been violated. Activities that encourage people to vote for or against a particular candidate, even on the basis of non-partisan criteria, violate the political campaign prohibition of IRC Section 501(c)(3).

Source: Internal Revenue Service Website.