

# OFFICE OF THE ATTORNEY GENERAL

85-00122



CHARLES A. GRADDICK  
ATTORNEY GENERAL  
STATE OF ALABAMA

ADMINISTRATIVE BUILDING  
64 NORTH UNION STREET  
MONTGOMERY, ALABAMA 36130

JAMES R. SOLOMON, JR.  
DEPUTY ATTORNEY GENERAL

H. WARD McMILLAN, JR.  
EXECUTIVE ASSISTANT

WALTER S. TURNER  
CHIEF ASSISTANT ATTORNEY GENERAL

JANIE NOBLES  
ADMINISTRATIVE ASSISTANT

DEC 10 1984

AREA (205) 261-3350  
B. FRANK LOEB  
RON BOWDEN  
JOHN J. BRECKENRIDGE  
CHARLES E. CRUMBLEY  
MELISSA C. BOWEN  
HENDON B. DEBRAY  
MARK D. GRIFFIN  
ASSISTANT ATTORNEYS GENERAL  
REVENUE DEPARTMENT

Honorable Charles E. Howard, C.T.A.  
Revenue Commissioner, Morgan County  
P. O. Box 696  
Decatur, AL 35602

Exemptions - Ad Valorem Taxes

Decatur Foundation exempt from  
taxation.

Dear Mr. Howard:

In your request for an opinion you ask whether an organization known as the Decatur Foundation is exempt from taxation under §40-9-12, Code of Alabama 1975. The information that you provide in your request shows that the Decatur Foundation is a community foundation created under the sponsorship of the Decatur Chamber of Commerce. The function of the foundation is very similar to that of the United Way in that the foundation serves as a central fund raising agency for the collection of funds to be distributed to several charitable projects. It is different from the United Way in that the funds collected by the foundation are used to establish an endowment, while the funds collected by the United Way are distributed immediately to the participating organizations for their operating budgets. The foundation has obtained a determination letter from the Internal Revenue Service indicating that it is exempt from federal income taxation under Section 501(c)(3) of the United States Internal Revenue Code. It has been organized in such a manner as to qualify as a community trust under United States Treasury Regulations, Section 1.170A-9(e)(10). It has been created as an umbrella organization that will collect, invest and distribute funds for a variety of charitable community projects.

Section 40-9-12(a) provides in pertinent part that:

All community chests and united appeal funds, and all charitable, civic and eleemosynary organizations and institutions for whom they solicit funds, and the real and personal property of all community chests and united appeal funds, and all charitable, civic and eleemosynary institutions for whom they solicit funds, . . . are exempt from the payment of any and all state, county and municipal taxes . . .

The narrow question to be decided is whether the Decatur Foundation may be considered to be a community chest or united appeal fund within the purview of Section 40-9-12. The Foundation recognizes the fact that the name community chest was the name given in many communities to the predecessor to the present day united way or united fund. It is his contention, however, that the use of the terms community chest and united appeal fund in the statute was not intended to refer only to the predecessor to the United Way. Inasmuch as there is nothing contained in the statute to indicate otherwise, this office must agree with the Foundation. Given the lack of a statutory definition of community chest, it must be assumed that the legislature intended for the term to have the same meaning as that attached to it in general usage. Fuller v. Associates Commercial Corp., 383 So.2d 506. Webster's New International Dictionary, Second Edition, defines community chest as: "A general fund, accumulated from individual subscriptions, to defray the demands on a community for charity and social welfare". It appears from the description of the Decatur Foundation's activities that it falls within such definition. Therefore, it is the opinion of this office that the Foundation is exempt from taxation under Section 40-9-12. Your question is therefore answered in the affirmative.

Sincerely,

CHARLES A. GRADDICK  
Attorney General  
By-



RON BOWDEN  
Assistant Attorney General

RB:je