

October 29, 1998

Magistrate Division—Oregon Tax Court
Supreme Court Building
1163 State Street
Salem, OR 97310

**RE: Property Tax Complaint of the Experimental Aircraft Association
Chapter 292 versus Polk County**

Chapter 292 of the Experimental Aircraft Association (EAA) appeals the August 5, 1998 decision by the Polk County Assessor denying exempt status to our organization (Attachment A).

We believe that the Polk County Assessor has failed to appreciate the nature of our organization, and that perhaps we too failed to provide the information he needed to do so. What follows is an attempt to correct that lack of information.

EAA Chapter 292 is a bona fide Chapter 501(c)(3) organization. We were granted this designation by the federal government on December 5, 1997. Our by-laws, democratic structure and commitment to regular charitable functions is documented and of long standing. Of the 17 EAA chapters in Oregon, ours is only the second to receive this status. To our knowledge, no other EAA chapters receive or have even applied for property tax exemption. The Polk County Assessor was unable to look to a precedent in our case, and admitted that he was uncomfortable establishing such a precedent himself.

Included below is the boilerplate that is published in every monthly newsletter of Chapter 292. The Purpose Section defines what we are all about.

EAA Chapter 292 Purposes—Policies—Meetings—Dues

THE PURPOSE OF THE EXPERIMENTAL AIRCRAFT ASSOCIATION (EAA) CHAPTER 292: To promote and encourage the sport and hobby of recreational aviation. To cooperate with and assist governmental agencies in the development of programs relating to aviation activities. To promote and encourage aviation safety in the design, construction, and operation of all types of aircraft. To encourage and engage in research for the improvement and better understanding of aviation and the science of aeronautics. To foster, promote, and engage in aviation education. To foster closer fellowship among its members through the exchange of ideas of mutual interest. Chapter 292 is a private, non-profit organization, and recognized as a 501(c)(3) institution by the IRS. Contributions to the organization are fully tax-deductible as authorized by law.

CHAPTER 292 AND EAA NATIONAL MEMBERSHIP DUES: EAA National Membership is required for all Chapter 292 members (call 1-800-JOIN EAA). Chapter 292 dues are \$48/year for 1999. A late charge penalty of \$5 after the February meeting will be assessed all past due members. For more information both on National and Chapter 292 memberships, please call the Chapter Secretary, Miko Pongracz at (503) 606-0767.

MEETINGS: The general membership meetings are held on the second Thursday of each month at 7 P.M. at the Chapter Hangar, 4803 Airport Road, at Independence State Airport. Oftentimes special events will supersede the normal schedule, please call the Chapter Secretary to confirm a date if in doubt.

BOARD OF DIRECTORS & OFFICERS: The executive board meets at the Chapter Hangar on the fourth Thursday of each month at 7 P.M. Board meetings are open, and anyone may attend.

NEWSLETTER: *The Talkdragger* is published and mailed one week prior to the general membership meeting. Feature articles, stories relating to flying, technical reports, or classified listings should be made to the newsletter editor one-week prior to publication. This is most easily accomplished by e-mail to the Newsletter Editor at pongacz@teleport.com. EAA Chapter 292 is not responsible for any modification or maintenance items that appear in the newsletter or in any other correspondence. It is the responsibility of the reader to discuss and get approval for all such items from an appropriate ASP, the FAA or other government official.

To promote and encourage the sport and hobby of recreational aviation: There are less than one million pilots in the United States, and the Experimental Aircraft Association (EAA) and its local chapters (Chapter 292 is just one of 800) provide a focal point for these activities. We are not only aircraft pilots, often we are also aircraft builders, and it is extremely helpful, indeed, many would say necessary, to be able to come together to exchange information, insights, and experiences that keep skills sharp and building practices professional.

Twice a year we fly 60 local school children for free in the Young Eagles Program. Nationally, the EAA has flown over 400,000 youngsters between the ages of eight and eighteen since 1993, and our goal is to fly One Million by the anniversary of the Wright Brother's Flight in 2003. Conservatively, this gift to the community is equal to \$4,200/year ($120 \times \$35 = \$4,200$).

To cooperate with and assist governmental agencies in the development of programs relating to aviation activities: Aviation is governed by a set of rules and policies called FARs, and we help promulgate these rules both in our own self interest and in the interest of public safety. We are a conduit for the dissemination of information when there are changes proposed or modifications made to the existing rules. We serve on airport advisory committees, and we've helped keep Polk County's only remaining airport—Independence State Airport—safe and thriving.

To promote and encourage aviation safety in the design, construction, and operation of all types of aircraft: Communication about safety issues, proper construction techniques, and National Transportation and Safety Board (NTSB) Reports is one of our primary missions. We accomplish this at our regular meetings each month with demonstrations of failed components that have come to our attention, and then follow that up with appropriate inspection protocols and suggested maintenance solutions to remedy the problem. This information is also disseminated in our monthly newsletter, *The Taledragger*. This past month for instance we discussed a failed fiberglass propeller spinner and lessons learned from John Denver's fatal crash into Monterey Bay.

To encourage and engage in research for the improvement and better understanding of aviation and the science of aeronautics: This past year our members have been designing and are beginning construction of a plane we're calling The Independence Flyer. It complies with FAR Part 103, which puts it in the ultralight category. It has truly been an education for all of our members. For those who have worked on the engine development and the design of the airframe the experience has been particularly rewarding, and fifteen of our members are currently in various stages of construction of an Independence Flyer of their own.

To foster, promote, and engage in aviation education: Chapter 292 regularly conducts seminars and workshops on various phases of aircraft building techniques. In many cases we are the sole source of this information available locally. There is no other school to go to, no course to simply sign up for at the local community college. In 1995 and 1996 we held a regional Aircraft Builder's Conference at Aurora State Airport and each year

over 300 people attended from all over the northwest. We shared our expertise on aircraft welding, fabric covering of flying surfaces, proper techniques to use with fiberglass, and many other topics

To foster closer fellowship among its members through the exchange of ideas of mutual interest: We regularly have fly-ins, potluck dinners, and so on, similar to other fraternal organizations. We have a regular Open House at the end of the summer, and try to expand our membership by showing off what it is we do.

According to *The Oregon Nonprofit Corporation Handbook*, by Cumfer and Sohl, 1996, published by Technical Assistance for Community Services, it appears that we meet the criteria not only for a Scientific Group or an Educational Organization, but also the criteria to qualify as a Fraternal Organization. I quote:

“Fraternal organizations, other than college fraternities or sororities, can also claim property tax exemption. These are nonprofit groups which are not solely social clubs that have a ritualistic form of work, a representative form of government, and regularly engage in charitable activities. The organization’s income cannot be distributed to its members, directors, or officers, and any salaries paid must be reasonable and fixed and approved by the members, directors, or other governing body of the corporation. Examples of fraternal organizations are the Masons, the Knights of Columbus, and the American Legion.” (Page 217.)

Our organization and by-laws passed muster with the IRS and their 501(c)(3) status requirements, and they comply with the specifications enumerated above. If Polk County has any reservations in this regard, we would be happy to respond to specific objections that they think would make us undeserving of exemption. Otherwise, we believe that we should be added to the last sentence quoted above and read: “Examples of fraternal organizations are the Masons, the Knights of Columbus, the American Legion, and The Experimental Aircraft Association.”

We would be happy to supply any additional documentation you require, and invite you to contact our Chapter Secretary, Mike Pongracz, at 606-9767 for any further information.

Sincerely,

Jerry Medlock, President
EAA Chapter 292