



Congress of the United States
House of Representatives
Washington, DC 20515

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WATER, POWER AND OCEANS

November 4, 2015

The Honorable John Koskinen
Commissioner, Internal Revenue Service
U.S. Department of the Treasury
1111 Constitution Avenue, NW, Room 3241
Washington, DC 20224

Dear Commissioner Koskinen:

I write today to raise concerns regarding the federal tax status of the Los Angeles County Fair Association (the Association), located in Pomona, California. The Association is the governing entity for the Los Angeles County Fair, Hotel and Expansion Complex (the Fairplex), and is organized as a 501(c)(5) nonprofit mutual benefit corporation, exempting it from federal taxes on much of its income. However, in recent years the Association's primary business purpose appears to have moved beyond the betterment of the conditions of those engaged in agricultural pursuits, which under IRC 501(c)(5) is required to be the principal purpose of exempt agricultural organizations. For this reason, I ask that you conduct an audit to re-examine this organization's nonprofit status and work in conjunction with the California Attorney General under the permissible jurisdictions to restructure this organization to better help them serve the public.

The Association was formed in 1940 to promote the Inland Empire's agriculture industry, with a primary focus on farming and livestock. For many years, the Association has hosted the annual Los Angeles County Fair where it awarded prizes for best livestock and taught children agriculture techniques. In recent years, however, the Association's focus has evolved far beyond its original purpose. For example, a recent LA Times investigation found that the organization no longer invites 4-H clubs to display animals at the LA County Fair, which is "instead dominated by carnival attractions, shopping and concert acts."

In addition to hosting the fair every September, the Association also now hosts concert events which this year alone have drawn thousands of people to the city of Pomona. Tragically, two young women died at one of its concerts this summer and just this past weekend more than 300 people were arrested, primarily for drug and alcohol-related offenses, at a second Fairplex concert. Additionally, the Los Angeles County Sheriff houses its Emergency Vehicle Operations Center (EVOC) on Fairplex grounds which should benefit the County, providing a location to train law enforcement in safe and effective driving techniques at the fairground's motor race track. However, the Sheriff's Department has said that it does not have enough access to the

EVOC because of the fair and other events held on the grounds, forcing the LA County Board of Supervisors to approve a plan to build a new, \$10.5 million EVOC at taxpayer expense.

The Association also controls a hotel and conference center and a catering company. It has also been reported that the Fairplex has filed taxes to the Internal Revenue Service (IRS) for receipts unrelated to its nonprofit purposes in an amount nearly equal to the Association's revenue from the fair. Given these facts, there is a strong argument that the Association's scope and purpose has expanded far beyond its original goal of helping our future agriculture leaders.

It is difficult to continue to incentivize an organization that receives a rent discount from Los Angeles County and has received federal government grants and earmarks, while hosting concerts and raves where young people have died of apparent overdoses and hundreds are arrested. It is also very difficult to justify the immense salaries of the Association's top executives in a predominantly minority, working-class city when the Association is losing money. In fact, according to the LA Times investigation, in 2013, the organization's Chief Executive received more in bonuses and incentives than the Association paid to the county for year-round use of the Fairplex.

I ask that you move swiftly to press the Association to work with the IRS and the California Attorney General towards a solution that will provide long-term benefits for the citizens of Los Angeles County and the region. Furthermore, we must not allow the U.S. tax code to be abused and so I ask that you conduct an audit of the organization's nonprofit tax status.

Thank you for your attention to this important request. If you have any questions, please contact my Legislative Director Grant Kerr at 202-225-6161.

Sincerely,



Norma J. Torres
Member of Congress

cc: The Honorable Kamala Harris, California Attorney General
The Honorable Hilda Solis, LA County Board of Supervisors