



**Am. H.B. 65**

124th General Assembly  
(As Passed by the House)

**Reps. Calvert, Carey, Britton, Damschroder, Evans, Seitz, Hartnett, Fedor, Young, Boccieri, Hollister, Core, Schuring, Jolivette, Redfern, Allen, Willamowski, Womer Benjamin, Latta, Gilb, Coates, Brown, S. Smith, Sykes, Kilbane, Olman, Setzer, Niehaus, Collier, Buehrer, Aslanides, Schmidt, Flannery, Sulzer, Lendrum, Trakas, Hughes, Reidelbach, Carmichael, Barrett, Flowers, Metzger, Otterman, Wolpert, Carano, Oakar, Roman, Peterson, McGregor, Jerse, G. Smith, DeBose, Webster, Distel, Mason, Latell, D. Miller, Key, Woodard, Driehaus, Rhine, Krupinski, Faber, Hoops**

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**BILL SUMMARY**

- Exempts real and tangible personal property from taxation if it is held by any veterans' organization that is exempted from the federal income tax.
- In the case of real property, the exemption is permitted even if the property is used to generate gross income of up to \$7,500 per year (increasing to \$10,000 in 2012).

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**CONTENT AND OPERATION**

**Expand property tax exemption for veterans' organizations**

(R.C. 5709.17)

Currently, real and tangible personal property held or occupied by a war veterans' organization is exempted from property taxation, but only if the veterans' organization is organized exclusively for charitable purposes. In the case of real property, it may be exempted from taxation only if it is not held for producing rental or other income.

In a number of Ohio Supreme Court decisions, property tax exemptions consistently have been denied for property held by various veterans' organizations on the ground that those organizations were organized for fraternal or patriotic, rather than exclusively charitable, purposes, or that the property itself was not used

for charitable purposes. The Court occasionally acknowledged that the organization claiming exemption often performed charitable functions, but cited the fact that the organization's charter did not state that the organization was organized for charitable purposes. See, e.g., *In re Application of American Legion*, 20 Ohio St.2d 121 (1969); *National Headquarters, Disabled American Veterans v. Bowers*, 171 Ohio St. 312 (1960); *Goldman v. Robt. E. Bentley Post No. 50, American Legion*, 158 Ohio St. 205 (1952); *Goldman v. Guckenberger*, 158 Ohio St. 210 (1952); *In re Application of American Legion*, 151 Ohio St. 404 (1949); and *East Cleveland Post No. 1500, V.F.W. v. BTA*, 139 Ohio St. 554 (1942).

The bill expands the current exemption to include property held or occupied by a veterans' organization that is exempted from federal income taxation under I.R.C. 501(c)(19) or (c)(23). A veterans' organization qualifies for federal tax exemption under 501(c)(19) if it satisfies all of the following criteria: (1) at least 75% of the members are past or present members of the United States Armed Forces, and most of the remaining members are cadets, or the spouses, widows, or widowers of members or cadets, (2) it is nonprofit in the sense that none of the organization's net earnings (if any) inure to the benefit of a private person, and (3) it is organized in the United States or in a U.S. possession. A veterans' organization qualifies for federal tax exemption under section 501(c)(23) if it satisfies all of the following: (1) at least 75% of the members are past or present members of the United States Armed Forces, (2) its principal purpose is to provide insurance and other benefits for veterans or their dependents, and (3) it was an association organized before 1880.

Thus, property held by a veterans' organization would be eligible for exemption, even if the organization is not a charitable organization, as long as the organization qualifies for federal tax exemption.

The bill also allows such an organization's real property to be exempted from taxation even if some income is generated from the property. But, to qualify for exemption, the gross income generated from the property (either from rentals or other uses of the property) cannot exceed a specified amount each year. The allowable annual gross income is \$7,500 in 2002, and increases by \$250 per year until 2012, when it becomes \$10,000. After 2012, the allowable income remains at \$10,000.

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-06-01	p. 137
Reported, H. Ways & Means	02-21-02	pp. 1438-1439
Passed House (95-0)	03-19-02	pp. 1556-1557

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