



S.B. 48

124th General Assembly
(As Introduced)

Sens. Shoemaker, Ryan, DiDonato

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.

CONTENT AND OPERATION

Expand property tax exemption for veterans' organizations

(sec. 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 income.

In a series 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. Robert 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 any 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 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. Real property of such an organization would continue to be taxable if it were held to produce rental income.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-20-01	p. 144

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