



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Bill Analysis

Sam Benham

### **H.B. 24**

132nd General Assembly  
(As Reported by H. Ways and Means)

**Reps.** Ginter, Schaffer, Rogers, Cera, Green, Hambley, Retherford, Ryan

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### **BILL SUMMARY**

- Modifies the veterans' organization property tax exemption to include the property of certain 501(c)(4) veterans' organizations.
  - Excludes from that exemption property that is not used primarily for meetings, administration, and the provision of programs and services to veterans.
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### **CONTENT AND OPERATION**

#### **Property tax exemption for veterans' organizations**

The bill modifies an existing tax exemption for property held or occupied by a veterans' organization by (1) extending eligibility for the exemption to the property of qualifying veterans' organizations that are exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code and (2) excluding from the exemption property that is not used primarily for meetings, administration, and the provision of programs and services to veterans and current members of the U.S. Armed Forces.<sup>1</sup> The modifications apply to tax years ending on or after the bill's effective date.<sup>2</sup>

#### **Current exemption**

Under current law, a veterans' organization's property is tax exempt if the organization qualifies for exemption from federal income tax under section 501(c)(19) or 501(c)(23) of the Internal Revenue Code and the property generates less than \$36,000 in gross rental income for the tax year. A veterans' organization qualifies for federal

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<sup>1</sup> R.C. 5709.17.

<sup>2</sup> Section 3.

income tax exemption under section 501(c)(19) if it is organized and operated as a nonprofit, at least 75% of its members are veterans and current members of the U.S. Armed Forces, and substantially all the other members of the organization are cadets, spouses, ancestors, or lineal descendants of veterans or of current members of the U.S. Armed Forces. A veterans' organization qualifies for federal income tax exemption under section 501(c)(23) if it was organized before 1880, at least 75% of its members are veterans or current members of the U.S. Armed Forces, and the principal purpose of the organization is to provide insurance and other benefits to veterans and their dependents.

### **Inclusion of 501(c)(4) organizations**

The bill extends the exemption to property owned or occupied by a veterans' organization that is exempt from federal taxation under section 501(c)(4) of the Internal Revenue Code as a social welfare organization, but only if that organization otherwise meets the criteria for exemption as a 501(c)(19) veteran organization.

### **Restrictions on use of exempted property**

The bill also limits the exemption to property that is used primarily for meetings and administration of the veterans' organization or for providing nonprofit programs and supportive services to veterans or current members of the U.S. Armed Forces or their families. Property that generates more than \$36,000 annually in rental income would continue to be ineligible for the exemption.<sup>3</sup>

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	02-01-17
Reported, H. Ways & Means	06-20-17

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<sup>3</sup> R.C. 5709.17.

