



# COMMONWEALTH OF VIRGINIA JOINT LEADERSHIP COUNCIL OF VETERANS SERVICE ORGANIZATIONS

101 N. 14<sup>TH</sup> ST., 17<sup>TH</sup> FLOOR  
RICHMOND, VA 23219

*Air Force Association*  
*Air Force Sergeants Association*  
*American Legion*  
*AMVETS*  
*Association of the United States Army*  
*Association of the United States Navy*  
*Disabled American Veterans*  
*Fifth Baptist Veterans Ministry*  
*HOPE for the Warriors*  
*Iraq & Afghanistan Veterans of America*  
*Legion of Valor of the U.S., Inc.*  
*Marine Corps League*  
*Military Officers Association of America*  
*Military Order of the Purple Heart*  
*Military Order of the World Wars*  
*Navy Mutual Aid Association*  
*Navy SEAL Foundation*  
*Northern Virginia Veterans Association*  
*Paralyzed Veterans of America*  
*Reserve Organization of America*  
*Student Veterans of America*  
*Veterans of Foreign Wars*  
*Vets on Track*  
*Vietnam Veterans of America*  
*Virginia Army/Air National Guard Enlisted Association*  
*Virginia National Guard Association*  
*Wounded Warrior Project*

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JLC Contact  
William Aramony  
703-615-0048  
Billaramony@gmail.com

## **JLC Initiative 2026-05** **Exempt Veterans Service Organizations (VSOs) from Limits on Use of Proceeds from Charitable Gaming**

**OBJECTIVE:** Exempt 501(c)(19) Veterans Service Organizations (VSOs) from limits on Use of Proceeds from charitable gaming.

**BACKGROUND:** Existing law and strict regulations require VSOs to use a percentage of charitable gaming proceeds for “charity” and severely limits the use of proceeds for infrastructure and VSO salaries and other expenses. By mandate of federal statute, VSOs exist to serve veterans but also children, youth, the local community, and others in need.

**DISCUSSION:** Restricting VSO use of proceeds to “charity” and limiting what may be spent on infrastructure and other expenses undermines the purpose of veteran service organizations such as Veterans of Foreign Wars, The American Legion, and AMVETS, many of which have Posts that have charitable gaming. Virginia recognizes 501 (c) (3) organizations as charity thus allowing largely unrestricted ways to account for use of proceeds. The Internal Revenue Service recognizes 501 (c) (19) organizations as charity but the Virginia Tax Code does not, thus limiting how use of proceeds may be spent for by VSOs. This oversight places an undue hardship on VSOs and has contributed to some VSOs eliminating charitable gaming and, in some cases, ceasing to exist.

**RECOMMENDATION:** That the Governor and General Assembly direct that 501 (c) (19) organizations be classified as charities in the Virginia Tax Code, thus freeing Veterans Service Organizations from the strict use of proceeds requirements currently imposed or otherwise act to ensure that a VSO may use gaming proceeds for its Federal statutory purposes.