



COMMONWEALTH OF VIRGINIA JOINT LEADERSHIP COUNCIL OF VETERANS SERVICE ORGANIZATIONS

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RICHMOND, VA 23219

*Air Force Association
American Legion
AMVETS
Association of the United
States Army
Disabled American
Veterans
Fleet Reserve Association
Korean War Veterans
Association
Legion of Valor of the
U.S., Inc.
Marine Corps League
Military Order of the
Purple Heart
Military Officers Association
of America
Military Order of the
World Wars
National Association for
Uniformed Services
Navy Seabee Veterans of
America
Non-Commissioned
Officers Association
Paralyzed Veterans of
America
Reserve Officers Association
Roanoke Valley Veterans
Council
Veterans of Foreign Wars
Vietnam Veterans of America
Virginia Army/Air National
Guard Enlisted
Association
Virginia National Guard
Association
Women Marines Association*

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Veterans Service Organizations and Virginia Tax Designation

- 1. Objective:** to classify 501(c)(19) Veterans Service Organizations (VSOs) as charitable non-profit organizations under state law. Without this classification, VSOs are vulnerable to being considered as “for profit” entities and therefore subject to local taxes.
- 2. Background:** VSOs are not identified as charitable nonprofit organizations in the Virginia Tax Code as they are in the Federal Tax Code 501(c)(19). Therefore, VSOs are vulnerable to tax levies by local governments and municipalities. This threatens their financial ability to do charitable work to support Veterans and Virginia communities and in some instances the continued existence of VSO-owned facilities that have had a long-time presence in the community.
- 3. Discussion:**
 - a. Many VSOs are organized under 501(c)(19) of the Internal Revenue Code (IRC). This tax code was established by Congress in 1972 to provide special recognition to VSOs for their service to our nation.
 - b. Many states have already followed the example set in 1972 by Congress. This is not the case for the Commonwealth of Virginia.
 - c. By not recognizing VSOs as charitable non-profit organizations, the Code of Virginia permits counties, cities, and towns to tax VSOs organized under IRC 501(c)(19), treating VSOs like “for profit” businesses, when in fact VSOs are organized for fraternal and charitable purposes.
 - d. Local taxes include real estate taxes. One local post, in its current location for over 52 years, has recently been informed that it may owe such taxes.
 - e. Local VSOs often serve as centers of a local community. VSOs sponsor baseball teams, host community meetings at VSO-owned facilities, participate in fundraising drives and community events, and generally make a lasting and meaningful impact on the communities in which they are located.
 - f. Requiring VSOs to pay local taxes on VSO-owned facilities could mean the difference between these VSOs staying in operation, or having to close their doors and cease operations.
 - g. The exemptions provided for 501(c)(3) and 501(c)(4) organizations should be extended to 501(c)(19) Veterans Service Organizations because of their charitable and fraternal nature, and because of the vital role they serve in Virginia communities.
- 4. Recommendation:** That the Governor and General Assembly pass legislation to extend to 501(c)(19) Veterans Service Organizations the exemptions provided for 501(c)(3) and 501(c)(4) organizations.