

Chairman Eklund, Vice Chairman Terhar, Ranking Member Williams, and members of the Ways & Means Committee. Thank you for this opportunity to speak today in support of HB24, to modify the existing tax exemption for Veterans Organizations to include property of certain Veterans Organizations exempt from federal taxation under section 501©4 of the internal revenue code.

I am Frank Williams, Past State Commander, Past State Adjutant & National Executive Committee Member, and currently State Inspector as well as Legislative Director for the Disabled American Veterans, Department of Ohio. The DAV was founded in 1920 in Cincinnati, Ohio.

The primary points we need to consider here is that all DAV State Departments and Chapters are exempt from Federal Income Tax under 501©4 of the Internal Revenue Code. The Historical reason the DAV is not exempt under 501©19 as a Veterans Organization is the DAV predated 501©19 by half a Century!

501©19 was not added to the Internal Revenue Code until the early 1970's, long after the DAV had been federally chartered and granted its individual group exemptions.

The substantive reason the DAV is not a 501©19 organization requires further analysis. 501©19 organizations need not be comprised entirely of Veterans, and in fact can have up to 25% non-veteran members! However, DAV's membership is composed entirely of wartime, service connected disabled Veterans. In fact, DAV's Federal Charter is virtually unique in that our organization is not even permitted to have honorary members! Membership in the DAV requires an exclusive credential, so the literal rules of 501©19 offers no advantage to the DAV.

An entity that is not engaged primarily in service to Veterans is not maintaining fidelity to the Mission that DAV assumed nearly a century ago. "Neither DAV's Charter nor it's Mission Statement envisions recreation as being a major focus of DAV's attention". The Statement restated in DAV NEC Regulation 10 gives clear guidance to the National Organization and the subordinate units about the organizations purposes. A Subordinate Unit with a different focus may well be doing good and useful things, but it is not furthering the purposes of the DAV. The DAV is about service to Veterans, their dependents and their survivors – nothing more, nothing less.

Consequently, National DAV and Ohio DAV have not converted their 501©4 classification into a 501©19 because it does not comply with the purposes or Mission Statement of the DAV. Also, a Non-profit Charitable Organization cannot hold both an Internal Revenue Code of 501©4 and a 501©19.

There are several DAV Chapters in Ohio that struggle to pay taxes on their small properties, thus reducing their ability to help fellow Disabled Veterans. With passage of HB24, the Mission of DAV would be greatly enhanced.

I thank you for allowing me to meet with you today, and thank you, also, for your past and continuing support for Ohio's Veterans. I will try to answer any questions you may have.