

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2021 REGULAR SESSION**

MEASURE

2021 BR NUMBER 153

HOUSE BILL NUMBER 14 HCS 1

TITLE AN ACT relating to property taxes for veteran service organizations.

SPONSOR Representative Matthew Koch

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: _____

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			(Indeterminable)
EXPENDITURES			
NET EFFECT			(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE:

This bill creates a property tax exemption for property owned by veteran service organizations that are wholly dedicated to advocating on behalf of military veterans and providing charitable programs in honor and on behalf of military veterans. To qualify for the property tax exemption, the property cannot be occupied by another entity or person for compensation and over fifty percent of the veteran service organization's annual net income must be expended on behalf of military veterans and other charitable causes.

FISCAL EXPLANATION:

The Kentucky Department of Veterans' Affairs' website lists the following seven veteran service organizations as being located within Kentucky: Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, The American Legion, Disabled American Veterans, Paralyzed Veterans of America, and Marine Corps League Detachment 729.

Last year, the Kentucky Department of Veterans' Affairs provided a list of the real property taxes paid by some of the veteran service organizations located in Kentucky. While the list did not include all of the veteran service organizations, it did provide the following data along with an estimate that the total real property taxes paid by three of the organizations is approximately \$299,000 a year.

Veterans of Foreign Wars

90 posts located in Kentucky

70 of those posts own property

Total tax paid is approximately \$145,366 (100% reporting)

American Legion

127 posts located in Kentucky

79 of those posts own property

Total tax paid is approximately \$105,547 (90% reporting)

AMVETS

27 posts located in Kentucky

7 of those posts own property

Total tax paid is approximately \$23,847 (90% reporting)

\$25,000 in unreported

The \$299,000 estimate includes both state and local taxes. A majority of the taxes collected for real property are local taxes. The state tax rate for real property is 12.2 cents per \$100 in assessed valuation. Average local property tax rates total \$1.33 per \$100 in assessed valuation. Therefore, of the \$299,000 estimate, only approximately \$25,000 would be state revenues.

To qualify for the property tax exemption, the property cannot be occupied by another entity or person for compensation and over fifty percent of the veteran service organization's annual net income must be expended on behalf of military veterans and other charitable causes. Currently, this information is not tracked. Therefore, it is unknown how many of these organizations would qualify for the exemption. The fiscal impact on state revenues cannot be accurately determined, but the exemption is expected to reduce General Fund revenues.

This bill applies to property assessed on or after January 1, 2022. Therefore, FY 2021 and 2022 are not impacted.

DATA SOURCE(S): LRC Staff; Kentucky Department of Veterans' Affairs

PREPARER: Cynthia Brown NOTE NUMBER: 32 REVIEW: JAB DATE: 2/9/2021