

SENATE, No. 783

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Senators MATHEUSSEN, LITTELL, Singer and Bubba

1 ANACT concerning exemption from taxation of veterans organizations  
2 and amending R.S.54:4-3.5 and R.S.54:4-3.25.

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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

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7 1. R.S.54:4-3.5 is amended to read as follows:

8 54:4-3.5. Real estate or personal property owned and used for  
9 military purposes by any organization under the jurisdiction of this  
10 State, shall be exempt from taxation under this chapter on condition  
11 that all income derived from the property above the expense of its  
12 maintenance and repair shall be used exclusively for such military  
13 purposes or for charitable purposes; and any building, real estate or  
14 personal property used by an organization composed entirely of  
15 veterans of any war of the United States shall be exempt from taxation  
16 under this chapter. No property shall lose its exemption or be denied  
17 an exemption from taxation under this section because of the use of  
18 the property for an income-producing activity that is not the  
19 organization's primary purpose so long as all net proceeds from that  
20 activity are utilized in furtherance of the primary purpose of the  
21 organization or for other charitable purposes.

22 (cf: P.L.1944, c.24, s.2)

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24 2. R.S.54:4-3.25 is amended to read as follows:

25 54:4-3.25. All real and personal property used in the work, for the  
26 support and for the purposes of one or more bona fide national war  
27 veterans organizations or posts, or bona fide affiliated associations,  
28 whether incorporated or unincorporated, existing and established on  
29 June eighteenth, one thousand nine hundred and thirty-six, shall be  
30 exempt from taxation under this chapter if the legal or beneficial  
31 ownership of such property is in one or more of said organizations, or  
32 posts, or affiliated associations. No property shall lose its exemption  
33 or be denied an exemption from taxation under this section because of  
34 the use of the property for an income-producing activity that is not the

**EXPLANATION** - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 organization's primary purpose so long as all net proceeds from that  
2 activity are utilized in furtherance of the primary purpose of the  
3 organization or for other charitable purposes.

4 (cf: R.S.54:4-3.25)

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6 3. This act shall take effect immediately and shall be retroactive to  
7 January 1, 1994.

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10 STATEMENT

11  
12 This bill permits war veterans' organizations to conduct certain  
13 auxiliary income-producing activities and retain property tax exempt  
14 status.

15 Veterans' organizations, in addition to using their halls for veterans'  
16 meetings and affairs, also rent their facilities to members of the public  
17 for affairs. The money raised from rentals to non-organization  
18 members is often donated by the organization to local charitable and  
19 civic causes. Some veterans' organizations have been denied property  
20 tax exempt status by the courts because the catering activities for  
21 non-members in the facility were found to exceed the legally  
22 authorized property tax exempt use.

23 This bill is designed to preserve the tax exempt status of veterans'  
24 organizations, even if these entities use their property for an  
25 income-producing purpose on an auxiliary basis, if all net proceeds  
26 from such auxiliary activities are utilized in furtherance of the purpose  
27 of the organization or for other charitable purposes.

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32 Permits war veterans' organizations to conduct certain  
33 income-producing activities and retain property tax exempt status.