



Issue: Provide property tax exemption establishment for certain property owned and operated by a congressionally chartered veterans service organization.

Rationale: Many 501(c)(3) nonprofit organizations received property tax exemptions after qualifying through their county assessor and going through a three-year assessment review. We desire Minnesota to give 501(c)(4) and 501(c)(19) organizations access to the same nonprofit property tax exemptions provided to 501(c)(3) nonprofits. This would halt an unfair treatment and reduce the disturbing trend of posts going under. In that spirit, we desire Congressionally chartered veterans organizations — because they have a federal requirement of reporting their volunteer and charitable efforts directly to Congress annually — to pay zero property taxes. There are a handful of states that provide this same benefit as a recognition of the good veteran service organizations do for their communities, and Minnesota needs to be among them. As a side benefit, a zero-tax measure would clear up much of the confusion city and county assessors statewide have regarding veteran posts and tax laws. This confusion drives inefficiency and workload for county staff, which costs taxpayers. In the 2024 legislative session, lawmakers introduced HF4038 / SF3963 to make this change. The bill in the house had a long list of bipartisan authors.

Recommended effective date: January 1, 2026 (assessment year 2025)

Proposed bill language (same as HF4038 / SF3963):

Section 1. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to read:

Subd. 106. Congressionally chartered veterans service organizations. Property qualifying for classification under section 273.13, subdivision 25, paragraph (d), clause (3), that is owned and operated by a congressionally chartered veterans service organization is exempt. The commissioner of veterans affairs must annually provide a list of congressionally chartered veterans service organizations to the commissioner of revenue by January 1.

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

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(9) qualifying for class 4c property has a classification rate of 1.25 percent, and ~~(vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans 8.1 affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.~~

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EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

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Sec. 3. SPECIAL PROVISION; EXEMPT PROPERTY OWNED BY CONGRESSIONALLY CHARTERED VETERANS SERVICE ORGANIZATIONS. For property that qualifies for the exemption under Minnesota Statutes, section 272.02, subdivision 106, for assessment year 2025 only, the following provisions apply: (1) the commissioner of veterans affairs must provide a list of congressionally chartered veterans service organizations to the commissioner of revenue by July 1, 2025; and (2) a congressionally chartered veterans service organization must file an exemption application with the county assessor by August 1, 2025.

EFFECTIVE DATE. This section is effective the day following final enactment.