

Pennsylvania State Senate

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Senate Co-Sponsorship Memoranda

MEMORANDUM

Posted: January 8, 2016 02:19 PM

From: [Senator John Rafferty](#) and [Sen. Mario Scavello](#)

To: All Senate members

Subject: Veterans' Organization Realty Transfer Tax Exemption

In the near future, we plan to introduce legislation amending the Pennsylvania Tax Reform Code, providing a Realty Transfer Tax Exemption for Veterans' Organizations that are nationally recognized. Currently, veterans' organizations wishing to transfer property from the Home Association to the Post are not excluded from realty transfer tax despite their tax exempt status.

In 1998, a decision was handed down by the Pennsylvania Supreme Court in the case of [Pennsylvania Liquor Control Board v. Richard E Craft American Legion Home Corporation](#), in which the Court held the Home Association of that particular Post was a subordinate unit of the Post thus permitting Home Associations to apply for a liquor license as an incorporated unit of a national veterans' organization. Consequently, it has been recommended to all American Legion, Department of Pennsylvania Post Commanders, based on the decision in the [Craft](#) case and the current statute (47 Purdon's Statute §4-461.1 (a)), that Home Associations who do not have a liquor license but wish to obtain one should continue to apply as an incorporated unit of a national veterans' organization. However, it has also been advised that a Home Association who currently has a liquor license transfer all other realty and assets in the Association to the Post to further insulate the Post and its assets from liability while still affording them the opportunity to have social or associate members who can contribute to the Post's financial success. Despite the proposed change in tax status contained in this legislation, the Home Association would still be dependent upon the national veterans' organization post, and the post would still continue to have the authority to disband the Home Association at any time.

This legislation is necessary in that it would assist veterans' organizations, who unlike other tax exempt entities, are not excluded from this transfer tax.

If you have any questions regarding this legislation, please contact Sean Moll in my office at 717-787-1398 or by email at smoll@pasen.gov



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