

TAXING THE CHURCHES

In a recent issue of CHRISTIANITY TODAY, Dr. ^{the churches} ~~Bl~~ Eugene Carson Blake warned that ~~ecclesiastical~~ exploitation of tax exemption may lead ultimately to "revolutionary expropriation of church properties." He suggested (1) the repeal of exemptions which now enable churches to engage in unrelated business activities with unfair advantages over commercial competition; (2) voluntary contributions by the churches, increasing annually from one per cent to ten per cent of the actual real estate tax on their properties, in order to share in public tax burdens which are often accelerated because of extensive property holdings by church agencies.

The ^{se} proposals were widely echoed and debated.

U.S. News and World Report carried a full page summary; CBS network carried quotations on its nationwide network; AP's George Cornell featured the article in his weekly religion column; The New York Times, Christian Science Monitor, and other dailies gave it extended ~~space~~ ~~space~~ space; editorial comments appeared in newspapers and religious magazines, with endorsements of the proposal to tax the churches appearing in Christian Century and Church Management; pastors and laymen shuttled their opinions both to Dr. Blake and to CHRISTIANITY TODAY; some leaders have urged income tax authorities and also congressmen [the House Ways and Means

in several periodicals

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Committee arranged a panel discussion December 15 to study tax exempt organizations engaged in unrelated trade or business to press for revision and reform of the present exemptions.

Since publication of the proposals has led ^{to both} ~~not only~~ ^{and} discussion ~~but to~~ action, it is appropriate to reflect the comments of the Protestant clergy and lay leaders on an issue ^{which} ~~that~~, as one observer put it, promised to be "as popular as mosquitoes in the tent."

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Virtually unanimous support ^{crowned} ~~was given~~ Dr. Blake's proposal for full taxation of profits from non-related business activities. Clergy and laity alike shared the position that it is unfair that business firms must pay up to 52 per cent Federal corporate tax while competitive efforts owned by churches pay none. Loyola University, New Orleans, operates a radio and television station at a tax advantage over its commercial competitors. One observer pointed out that some new churches are apparently being organized in California to exploit the prospect of tax exemption for unrelated business, while in other places business corporations have been turned over to church organizations with an apparent objective of evading Federal taxes. "In the name of charity, some churches use religion as a cloak

indignantly: "There is a fraud in the church's acceptance of tax exemption ^{when} it makes profits at government expense." Although some politicians may fear the political consequences of questioning religious exemptions, in this area of eliminating exemptions on income from business or trade unrelated to the essential mission of the Church the members of Congress may count on the ~~support of~~ support of a virile Protestant conscience.

In the matter of real estate taxes on church properties, however, Protestant conviction is not so clearly formulated.

Most correspondence so far supports the proposal. This mail is specially heavy from centers of aggressive Roman Catholic expansion. "If Boston churches paid taxes," wrote one observer, "the city would not be in a financial mess." Even some Roman Catholic laymen ventured to indicate disapproval of their church's land-grab practices.

While Dr. Blake's article sketched the land exemption problem from a general standpoint, without singling out Catholicism more than Protestantism, clergymen based their enthusiasm on anti-Catholic feelings more than on views of Church and State, stressing that Catholic

excesses have aggravated the problem until it has become serious. They see in taxation an economic weapon for retarding and penalizing such Catholic expansion. A "look down the years," they argue, shows the urgency of halting church acquisition of tax-free property, lest ecclesiastical forces be in a position to control the

economy. The Los Angeles diocese of the Roman Catholic church has been negotiating a long-term multi-million dollar lease for three blocks of Wilshire Boulevard property once projected as a cathedral site, and a cardinal commenting that the arrangement would provide enough money to run the parochial school program for years. Not only do parochial schools occupy valuable city property tax free, but in Pasadena, Texas, their "take" in Sunday night bingo games has run as high as

\$3900. In some large cities church holdings for houses of worship, parochial schools, high schools and colleges preempt all available sites. ~~Monasteries hold hundreds~~

~~of acres of land.~~ In Techay, Illinois, a monastery with 400 acres operates a large greenhouse and florist business, a printing press, and other tax-free commercial activities.

Illustrations of the commercial use of land presumably acquired for religious purposes are ~~not hard to~~ prevalent.

Although much indignation is turned toward Catholics, Protestants are involved in similar land-grabs, even if on a lesser scale. Some churches have much tenement-

owned property. Due to a tax policy realignment, Illinois Wesleyan University in 1959 sold to the Catholic Archdiocese of Chicago the \$10 million Hollywood Roosevelt Hotel bought in 1954. Some cities have given huge tracts of land to encourage the local location of a college or university; St. Petersburg, Florida, recently offered \$120,000 worth of land to attract a Presbyterian college. But some townships in Delaware county, Pennsylvania, complain that the concentration of educational, religious and charitable institutions imposes heavy burdens on the community.

The preceding paragraphs are not items of real estate taxation on church property, but on commercial use of land. We should keep the two things distinct. Also, there is a difference between a city's giving land to a college + exemption of the college from taxes on land it has bought.

Anti-clericalism in America, while not extensive, is due in part to this situation. Lay leaders are distrustful of the ambitions of church hierarchies. The church gains a wrong kind of power through vast property holdings, some complain; ownership of extensive properties cannot be isolated from social and political consequences. "Expropriation won't take 100 years," one layman warned, if ecclesiastical tax-exempt ambitions are encouraged by a Roman Catholic president. Yet Blake's warning of "revolutionary expropriation" as an inevitable result of the present trend got icy reception in Roman Catholic quarters. The Denver Register remarked that "such a statement would be expected from a communist, but it is perturbing to read it from a national religious leader."

Wrote a Catholic reader: "We ought to get federal funds to strengthen religious schools and churches, instead of draining them by taxation." Another resented any proposal "putting God and our Saviour on a pay-as-you-go basis."

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The proposal of a voluntary "token contribution," in lieu of exemption, was virtually ignored by readers, who sensed that the real issue is the legitimacy or illegitimacy of taxing churches. However pervasive the feeling that Roman Catholicism is the prime offender, and that an extension of the present situation may well result in chaos if not in actual expropriation, those favoring real estate taxes appealed in many cases not simply to the principle of proportionate participation, but to another consideration, the implications of libertarian philosophy. It is more consistent with libertarian, in contrast with collectivist, views, they argue, to exclude the state from direct or indirect economic support of any religion; since the state sooner or later controls what it subsidizes or supports, religion enjoying state favors runs the risk of ultimate reduction to the status of handmaiden of the state. Viewing tax exemption as a cash subsidy by the state, such critics warn that churches accepting it should not be surprised if in

in the sphere of education this results in state support for atheistic programs.

exchange the state sometime demands a degree of loyalty which may limit the church's independence.

Those favoring a tax on church properties, however, in many cases advocated far less than complete surrender of the church's tax immunity. Some insisted that actual places of worship should be tax free, but proposed taxing the holdings of church-related institutions (such as colleges and seminaries), and more marginally related efforts (such as publishing houses, pension boards, and so on). Others argued that church properties, but not educational institutions, should be taxed, since the congregation is a source of income whereas educational institutions are an expense to the church. Churches already pay special improvement taxes. ^{property} Church/exemptions were adopted, it is argued, when America was a rural society; congregational enjoyment of four or five acres did not then complicate the tax structure. A property tax exemption limited to \$25,000 would stand as a barrier to abuses.

Thus far we have charted only one approach to the issue, however. Although almost unanimously supporting a tax on unrelated church business ventures, initial reaction also discloses some deep anxieties over proposals that taxes be levied on church properties. These apprehensions are not limited to Roman Catholics,

*also tax private colleges?
unfair competition by
state universities*

Lutherans and Baptists, who were catalogued by some proponents of church taxation as "most likely to object"; some vocal support for them can be found in almost every denomination. Opposition to taxing church properties rests on several considerations.

1. The trend toward statism already stifles voluntary and private efforts. At a time when government has already excessively widened its powers and functions, and is moving toward a monopolistic state and totalitarian structures, the extension of its power over the churches should be resisted. (The proposal by Dr. Blake, it should be recalled, was that churches pay a proportion voluntarily, to preclude ultimate payment by necessity. This proposal was rejected as merely a "half way house" that legitimates an objectionable principle.)

who rejected it?

2. The tax structure is already excessive and in relation to American tax policy the churches might rather be expected to raise the question of the limits of ~~taxation~~ ^{taxation} than to clamor for an extension of it. "The power to tax is the power to destroy," the surest way to cripple the financial ability of the churches is to encourage such taxation. Those who view tax exemption as a subsidy err in ascribing unlimited powers of taxation to the state; religious exemptions are to be

justified not by the favor of the state but by the limits of state powers. The alternate view weakens the doctrine of separation of church and state.

3. If church properties are taxed, the process will not stop there. Private universities and colleges, philanthropic organizations and foundations, charity and welfare movements, hospitals and homes for the aged, would also come into purview. The Federal government is intruding itself more and more into educational and welfare structures, and already underwrites more research work than private agencies. The outcome of such such a process will be a secular economy with a state welfare ideology.

4. Church taxation would eliminate many small ~~and~~ struggling churches, especially independent works without access to funds from a central ecclesiastical agency, and thus would virtually suspend the expansion of Christianity upon established organizational structures. Even many larger churches will be ~~sin~~ driven from main corners of our large cities. The church with a Christian day school, or with a mortgage, or lacking funds to pay its pastor an adequate salary, will be crippled, and available missionary and benevolence funds reduced.

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CHRISTIANITY TODAY thinks these objections are

