

*[From Clark's file at the archives of Christianity Today, but no author listed. From the general approach of the article and the diction, it seems unlikely that it was penned by Dr. Clark. – DJD Apr 14, 2015]*

## **Taxing the Churches**

In a recent issue of Christianity today, Dr. Eugene Carson warned the churches that exploitation of tax exemption may lead ultimately to "revolutionary expropriation of church priorities." 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 1% to 10% of the annual real estate tax on their properties, in order to share in public tax burdens which are often accredited because of extensive property holdings by church agencies.

The proposals were widely echoed and debated, U.S. News & World Report carried a full page summary; CBS network carried quotations on its nationwide network; APs George Cornell featured the article in his weekly religion column; The New York Times, Christian Science Monitor, and other dailies gave it extended 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 own opinions both to Dr. Blake and to CHRISTIANITY TODAY; some leaders have urged income tax authorities and also congressmen (the House Ways and Means 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 as lead to both discussion and action, it is appropriate to reflect the comments of the Protestant clergy and lay leaders on an issue which as one observer put it, promises to be "as popular as mosquitoes in the tent."

Virtually unanimous support crowned 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% Federal corporate tax while competitive efforts owned by churches pay none. Loyola University, New Orleans, operates a radio and television station at a tax average 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 friend in the church's acceptance of tax exemption when it makes profit 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 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 pay taxes," wrote one observer, "the city would not be in 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 base 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 and 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, least ecclesiastical forces be in a position to control the economy. In some large cities church holdings for houses of worship, parochial schools, high schools and colleges preempt all available sites. 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 Techy, Illinois, a monastery with 400 acres operates a large green house and florist business, a printing press, and other tax-free commercial activities.

Although much indignation is turned towards 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 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, complained that the concentration of educational, religious and charitable institutions impose heavy burdens on the community.

Anti-clergy-ism 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 past property holdings, some complain; ownership of extensive properties cannot be isolated from social and political consequences. "Exploration 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 exploration" as an inevitable result of the present trend got icy reception and Roman Catholic quarters. The Denver Register remarked that "such a statement would be accepted 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."

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 of illegitimacy of taxing churches. However persuasive 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 exploration, those favoring real estate taxes appealed in many cases not simply to the principle of proportionate participation, but two other considerations, 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 is subsidized or supports, religion enjoying state favors run the risk of ultimate reduction to the status of handmaiden of the state, such critics warned that churches accepting it should not be surprised if in exchange the state sometimes demands a degree of loyalty which may limit the churches independence.

Those favoring a tax on church properties, however, in many cases appliquéd 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 argue 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. Church is already pay special improvements taxes. Church property 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 disclosed some deep anxieties over proposals that taxes be levied on church properties. These apprehensions are not limited to Roman Catholics, 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 stat-ism 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 voluntary, to preclude ultimate payment by necessity. This proposal is rejected as merely a “halfway house” that legitimates an objection or principle.)
2. The tax structure is already excessive and in relation to American tax policy that churches might rather be expected to raise the question of the limit of taxation than to clamour 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 error in ascribing ultimate powers of taxation to the state; religious exemptions are to be justified not by the favour of the state but by the limits of state powers. The alternative 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 in to purview. The federal government is instruding itself more and more into educational and welfare structures, and already underwrites more research Works than private agencies. The outcome of such a process will be a secular economy with a state welfare ideology.
4. Church taxation would eliminate many small struggling churches, especially Independent works without access to funds from a central ecclesiastical agency, and thus would virtually suspended the expansion of Christianity upon established organizational structures. Even many larger churches will be driven from main corners of our large cities. The church with a Christian day school, or with the mortgage, or lacking funds to pay its pastor and adequate salary, will be crippled, and available missionary and benevolence funds reduced.