

Approved On: \_\_\_\_\_

Minutes of the House Committee on Assessment and Taxation. The joint meeting of the House and Senate tax committees was called to order by Fred Kerr, Senate Chairman, at 11:00 a.m. on January 30, 1986 in the Old Supreme Court Chamber at the Capitol of the State of Kansas.

All members of the Committee were present.


Committee staff present:

Tom Severn, Legislative Research  
Melinda Hanson, Legislative Research  
Don Hayward, Reviser of Statutes  
Millie Foose, Committee Secretary

A hearing on Senate Bills 399 and 400 and HB-2632 concerning the exemption of church parsonages from property taxation was held. The following people testified as proponents. Written testimony is attached.

Representative Robin Leach	
Senator Michael Johnston	Attachment 1
Senator Ed Reilly	Attachment 2
Senator Eugene Anderson	
Representative Leroy Fry	Attachment 3
Representative Dale Sprague	
Representative Leo Cribbs	
Fred Weaver, Board of Tax Appeals	Attachment 4
Bob Runnels, Kansas Catholic Conference	
Dean Robert Shahan, Grace Episcopal Cathedral	
Dr. Stacy Ollar, Bristol Hill United Methodist	
Ben Saathoff, Tonganoxie Christian Church	
Dr. Theodore Lee, Pastor St. Mark AME Church	Attachment 16
Rev. Ezell Ball, African Methodist Brown Chapel	
Joseph Biscoe, Victory Hills Church of Nazarene	Attachment 6
Rev. Robert Leffel, K. C. District Nazarene	Attachment 5
Father Francis Krische	Attachment 7
Fred Thompson, American Baptist Churches	Attachment 8
Larry Tucker, CPA, Hutchinson	Attachment 9
Rev. James Bell, Inter-Faith Ministries, Wichita	Attachment 10
Glenn Cogswell	
Rev. Alice Monschke, Eastminster Presbyterian	Attachment 11
Leslie White	
Ted Evans	

There being no further business, the chairman adjourned the meeting.

  
\_\_\_\_\_  
Ed C. Rolfs, Chairman

\*\*\*Attachments listed below were written testimony only -

Attachment 12	Robert J. Kasper, First Congregational, Tonganoxie
Attachment 13	Elmer Karstensen, Lutheran Church-Missouri Synod
Attachment 14	J. Wesley Murphy, Friends Church, Tonganoxie
Attachment 15	Mendle Adams, First Congregational United Church of Christ, McPherson
Attachment 17	Johnson Co. Board of Commissioners
Attachment 18	Mendle Adams, McPherson
Attachment 19	William Zorn, McPherson

# State of Kansas

## Senate Chamber



MICHAEL L. JOHNSTON  
SENATE MINORITY LEADER  
SENATOR, FOURTEENTH DISTRICT  
LABETTE COUNTY AND PARTS OF  
CRAWFORD, MONTGOMERY AND  
NEOSHO COUNTIES  
P O BOX A  
PARSONS, KANSAS 67357-0040

MEMBER COMMITTEE ASSIGNMENTS  
ELECTIONS  
GOVERNMENTAL ORGANIZATION  
INTERSTATE COOPERATION  
LEGISLATIVE BUDGET  
LEGISLATIVE AND CONGRESSIONAL  
APPORTIONMENT  
LEGISLATIVE COORDINATING COUNCIL  
WAYS AND MEANS

## Office of Minority Leader

STATE CAPITOL  
TOPEKA, KANSAS 66612-1565  
913-296-3245

Joint Committee on Assessment and Taxation  
Senate Bill 399, Tax Exemption of Church Parsonages

January 30, 1986

Statement by Senator Michael Johnston

The tax exemption of parsonages is nothing new in this state. The issue of whether a church parsonage was exempt from taxation was considered by the Kansas Supreme Court in 1872. The Court held that the Kansas Constitution did not exempt parsonages because they did not meet the exclusive religious use test of the Constitution.

In 1909, the Kansas Legislature created a statutory exemption for properties including parsonages which were owned and used by religious organizations. In 1969, the Kansas Legislature revised the 1909 exemption law and removed the parsonage exemption from that law. In spite of the 1969 revision, counties did not add parsonages to their tax rolls and the State Board of Tax Appeals continued to exempt

Attachment 1

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parsonages in their rulings. These rulings were not challenged until 1984 when Johnson County appealed an exemption decision granted by the Board of Tax Appeals. The District Court, on appeal, reversed the decision and held that, absent a specific statutory exemption, parsonages were not tax exempt.

Since the 1984 district court ruling, a few counties have added parsonages to their tax rolls and all counties have been directed by the State Division of Property Valuation to place parsonages on their 1986 tax rolls.

A bill specifically exempting parsonages must be passed this session in order to maintain the longstanding policy in this state. I am not proposing a new exemption. There will be no negative financial impact on the state since we are currently not receiving tax revenue from parsonages.

I realize that there will be some problems in interpreting which residences should be exempted under this bill. Most of the bills we pass are subject to various interpretations. My intent in introducing this bill is to assure the continuance of the current practice of exempting church parsonages from taxation. This bill is necessary to clear up the confusion and restore what has been the practice in Kansas for many years. I urge your support of Senate Bill 399.

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

January 30, 1986

EDWARD F. REILLY, JR.  
SENATOR, THIRD DISTRICT  
LEAVENWORTH AND JEFFERSON COUNTIES  
430 DELAWARE  
LEAVENWORTH, KANSAS 66048-2733  
913-682-1236

COMMITTEE ASSIGNMENTS  
CHAIRMAN: FEDERAL AND STATE AFFAIRS  
AND INSURANCE SUBCOMMITTEE  
VICE CHAIRMAN: ELECTIONS  
MEMBER: CONFIRMATIONS  
FINANCIAL INSTITUTIONS AND  
INSURANCE  
PUBLIC HEALTH AND WELFARE

*Testimony Before the Senate and House Committees on Assessment and Taxation  
January 30, 1986  
SB 400  
Senator Edward F. Reilly, Jr.*

*Mr. Chairmen and Members of the House and Senate Committees:*

*I appreciate the opportunity to appear early in this session with regard to an issue which I know is of concern to many throughout the state.*

*If I may, for just a moment, share with you some of the history of this matter it might better put into perspective where we are and why many of us will be receiving, or already have received, letters and calls from our constituents. The entire issue revolves around the exempt status that church parsonages and rectories once enjoyed. That status, as I recall as a member of the legislature, was repealed by the 1969 legislature. A recent Shawnee County District Court action concluded that county appraisers and commissioners were to review exempt property rolls and be prepared to restore them to the tax rolls on January 1, 1986, with 1986 property tax liability, any church parsonage not already on the tax rolls.*

*It would appear from the District Court order of Shawnee County, Kansas, that the appeal of the Board of County Commissioners, Johnson County, Kansas, from the decision of the Board of Tax Appeals, in the matter of application of the First Assembly of God Church for exemption from ad valorem taxation in Johnson County, Kansas, was heard and the Court found that parsonages are not legally exempted from taxation under either the Kansas Constitution or Kansas laws covering exemption.*

*It was on that ruling that the Director of the Division of Property Valuation for the State of Kansas, who has been catching a great deal of flak, requested that all Kansas counties prepare to restore to the rolls on January 1, 1986, any parsonages not already on those rolls.*

*It is also from that directive that I am sure many of you are receiving letters and calls from those who have a direct interest in this matter, be they members of a particular church or ministers who have a vital interest.*

*A legislative enactment of 1909 provided a property tax exemption for a number of properties owned and used by religious organizations. Parsonages were included among those specific exemptions. In 1929, some 20 years later, the parsonage exemption was expanded by the legislature to include the residence of a church official as well as that of a pastor or minister of a particular church. Such law was the law in Kansas until 1969 when we repealed the parsonage exemption following the recommendation of a joint committee on state tax structure created by the 1968 legislature. By eliminating the statutory exemption for parsonages the legislature established the policy that in accordance with Article 11 S1 of the Kansas Constitution, use not ownership should determine the status of church property.*

*Although the non-exemption has been in the law since 1969, there has obviously been no uniformity in the appraisers of the state applying the principle. In a number of instances, when parsonages have been placed on the rolls, churches have taken the case to the Board of Tax Appeals which has granted exemptions.*

*The most recent decision was in December of 1984, in Shawnee County District Court. It concluded that because a parsonage is not used exclusively for religious purposes (eating, sleeping, raising children and entertaining friends were considered not to be religious activities) it is not entitled to exemption under Article 11 S1 of the State Constitution.*

In September of 1985, in response to what was cited as a number of inquiries concerning the tax exempt status of church parsonages, the Director of the Division of Property Valuation issued a memorandum directing all county appraisers to review exempt rolls and to take action as needed to place them on the rolls for the 1986 tax year. There have been mixed reactions to this directive from county officials, religious leaders and the general public of this state. A number of identical bills, I believe, have been pre-filed in this legislature that would reinstitute a statutory exemption.

This issue before our legislature is profound as we reflect upon whether or not church parsonages and related facilities, be they rectories, or convents, owned by a church or religious society and exclusively and regularly used by them as their place of residence or office of administration for the services they perform should be exempt.

In December, a coalition of many of the denominations of Kansas came together to consider this whole issue and the bills that had been pre-filed in the Kansas legislature. They were unanimous in calling for an exemption from taxation for church-owned parsonages.

They further went on to say "a parsonage is a requirement for a congregation in small, rural communities of Kansas where housing is not as easily turned over on the open market as it is in urban areas. For a rural congregation to compete in attracting a pastor it finds it essential to offer a parsonage. These residences are usually located next door to the church and become, not only a residence for the pastor and family, but an extension of the church program, providing meeting space for committees and classes, housing the church office, etc. Many of the denominations further expressed concern that the financial burden of the taxation of parsonages would be an added element that would cause many of their small rural congregation to close.

*I would further offer to the Committee the following point which has been shared with me by many and, I am sure, with some of you. Such a facility is a vital part of the compensation paid to many of the pastors and ministers of our state who are usually among the lower paid professionals.*

*I suppose the bottom line of this entire issue will be whether many small churches will have the ability to come up with the property tax money to pay the ad valorem tax for the residences of clergy throughout the state. Many of these members of the ministry are family women and men who have other responsibilities in order to make ends meet.*

*There will be, I know, proponents and opponents of this legislation as there are on most every issue that ever comes before the Kansas legislature. But, I would respectfully request this body to reflect carefully on how we might continue to preserve and protect what is a vital part of our way of life. We recognize the need and support of those who spread the gospel and preach the ministries of our respective churches throughout this state. Senate Bill 400 is not the total answer in my opinion; there are amendments that should be made and I have attached copies of some that have been suggested.*

*There are a number of proposals that have been pre-filed in this legislature and I am sure more to come with regard to this issue, including one by Representative Clyde Graeber recently drafted and, as I understand it, to be introduced in the House that deals with language that may even be more clarifying and I have attached a copy of that to my testimony.*

*In conclusion, in view of the most recent information produced by Kansas assessors, apparently the amount of revenue that could be generated from the taxation of parsonages, rectories, etc., would be about \$.4 million. That is not a negative fiscal note to local counties or communities since they are not now collecting such tax. I would urge you to take the \$.4 million and divide it by our 105 Kansas counties to see really what the small impact would be.*

*Testimony before House and Senate Committees on Assessment & Taxation  
January 30, 1986  
Senator Edward F. Reilly, Jr.  
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*And, last, but not least, I have heard no hue and cry from county officials or local officials requesting such a tax and I doubt that we will ever hear such a request from our local county and city commissioners. The hardships, however, that such a new tax might impose, in my opinion, would be a disservice to our fellow Kansans of all religious denominations and persuasions. I would urge the Committee to move favorably on some legislation that would clarify the issue and return us to where we have been as Kansans who have historically believed in the importance of a Christian background through our varied religious ministries in this state.*

*Thank you, Mr. Chairmen, and members of both the House and Senate Committees for your attention.*



All parsonages, rectories, or convents owned by a church or religious society and exclusively and regularly used by clergymen or clergywomen of such church or society as their places of residence or as offices for administration of the religious services of such church or society.

HOUSE BILL NO. \_\_\_\_\_

By Representative Graeber

AN ACT relating to property taxation; exempting certain property used for religious purposes.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

All parsonages, rectories, seminaries or convents, together with the land upon which the same are located, owned by a church or religious society and actually and regularly used exclusively by clergypersons of such church as a place of residence, or as an office for the administration of the business affairs of such church or society.

The provisions of this section shall apply to all taxable years commencing after December 31, 1985.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

*ced*  
*This is a copy of the bill I will introduce in the House on the Mother's House dilemma*  
*Jayce*

*Attachment to Testimony by Senator Edward F. Reilly, Jr.  
On SB 400*

*From a letter received from:*

*Consultation of Cooperating Churches in Kansas  
4125 Gage Center Drive, Room 209  
Topeka, Kansas 66604  
January 27, 1986*

*"The gathered representatives of the denominations unanimously favored the provisions contained in Senate bills 399 and 400, and House bill #2632. They offer the following suggestions for strengthening Section 7 of these bills:*

- 1) the elimination of "exclusively" in the opening phrase of the section*
- 2) Use "and/or" instead of "and" in the second line, having it read "used as a residence and/or a place of ministries...";*
- 3) Use "clergy" instead of "clergyman" recognizing that the clergy of a number of participating denominations include women;*
- 4) change the effective date to December 31, 1984."*

January 30, 1986

Testimony on House Bill 2632

Before House & Senate Assessment & Taxation Committee

BY

Rep. LeRoy F. Fry

Mr. Chairman, Members of the Committee:

My reasons for feeling that parsonages should be tax exempt are because of their vital place in the life of a church and not only as a residence for the pastor.

I am speaking for the rural churches of Kansas. The dollars for these budgets come from members who are already in an economic crunch. These churches are now involved in picking up the load involved with food banks and social services. More burden is daily forced on the local church structure as less federal funding comes to these programs.

A parsonage is a requirement for a congregation in the small, rural communities of Kansas, where housing is not as easily turned over on the open market as it is in the urban areas. For a rural congregation to compete in attracting a pastor, it finds it essential to offer a parsonage. These residences are usually located next door to the church and become not only a residence for the pastor and family but an extension of the church program, providing meeting space for committees and classes. The parsonage also houses the church office where much of the administration is carried on. The pastor is also on call 24 hours a day and must be available for emergency situations. Thus, the communities that would be hit hardest by

LeRoy F. Fry  
HB 2632  
January 30, 1986  
Page Two

taxation of church owned parsonages are the very communities presently suffering the most from the agricultural crisis.

Seeing this involvement of the parsonage in the total worship life of the church, it will be a very difficult and time consuming matter to make a fair determination of what percentage of the parsonage should be taxed. When you realize the cost involved in arriving at that taxable portion, it is doubtful that any additional tax funds would even be worth while.

I would suggest that the present language about churches being used exclusively for worship purposes could be corrected. Part of a church's life and function is to serve the community where it is located, and may provide the only facility capable of handling some of the large gatherings of the community. It would seem that some language could be developed that could allow churches to be used for these purposes without endangering their tax-free status as long as they are not in the business of operating for profit.

THE STATE OF KANSAS



BOARD OF TAX APPEALS

1030-S, STATE OFFICE BUILDING

Telephone 296-2388 AC—913

TOPEKA, KANSAS 66612-1582

Fred L. Weaver, *Chairman*  
Dallas E. Crable, *Member*  
John P. Bennett, *Member*  
Robert C. Henry, *Member*  
Keith Farrar, *Member*

MEMORANDUM TO: Joint Committee on Assessment and Taxation  
FROM: The Board of Tax Appeals  
DATE: January 30, 1986  
RE: Statutory Exemption of Parsonages.

We have reviewed the proposed amendment to K.S.A. 79-201 which would add a paragraph Seventh to provide for the exemption of parsonages. This amendment is offered in Senate Bill 400 and Senate Bill 399 and in House Bill 2632. The Board takes no policy position regarding the enactment of exemptions, but in reviewing the proposed statute a number of questions arise concerning the interpretation of the statute. The statute as proposed in each of the Senate and House Bills is as follows:

"K.S.A. 79-201 Seventh. All parsonages actually and regularly used exclusively as a residence and a place of ministration by a minister or other clergyman in any church society who is actually and regularly engaged in conducting the services and religious ministrations of such society, and the land upon which such parsonage is located to the extent of half acre."

The Board believes it would be helpful to define some of the terms used in the proposed legislation. The term parsonage means "the house provided by a church for its pastor." The question raised when one considers this definition is whether the house which a pastor rents or purchases with a housing allowance qualifies for exemption. The term minister means "one officiating or assisting at the administration of a sacrament, a protestant clergyman." The term clergyman means "a member of the clergy," and clergy means "the body of men ordained to the service of God in the christian church, the official or sacerdotal [sas-er-dot-al: of or relating to priests or a priesthood: priestly] class of a religion." Each of these terms will have different meanings depending upon the type of church

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Memorandum  
January 30, 1986

society being considered for exemption. Does the proposed legislation intend to exempt the residence of every individual who may participate in the administration of a sacrament?

It is the Board's understanding that the statutory amendment to exempt parsonages is intended to reinstate exemption to those residences which had received exemption by Board of Tax Appeals, but which were ordered restored to the tax rolls pursuant to the Shawnee District Court decision which determined residences for ministers did not qualify as property used exclusively for religious purposes. Unless some specific statutory exemption is made for parsonages the Court decision is controlling.

Under the Kansas constitution at Article 11, Section 1 and K.S.A. 79-201 Second, property used exclusively for religious purposes is exempt from property taxes. The Shawnee District Court, relying upon an old Kansas Supreme Court decision, found that the residence of a minister is not used exclusively for religious purposes. Prior to the court decision, the Board had allowed exemption of certain residences used as housing for ministers under limited circumstances. In a nutshell, the Board had allowed exemption where the residence was owned by the church and occupied as a residence by a full time pastor. The Board had denied exemption on those residences which were not owned by a church even though occupied by a minister, and those owned by the church but occupied by some church official other than the full-time minister.

The Board believes that the proposed legislation could greatly extend the residences which would qualify for exemption beyond those which were exempt under Board order prior to the Court decision. As an aide to the committee, the Board offers the following for consideration:

1. LEGISLATIVE DIVISION OF POST-AUDIT REPORT. The Board has reviewed the study done by the Legislative Division of Post-Audit relating to the current state of parsonage exemptions. The survey shows of the churches responding to the survey only about 54% owned a parsonage. This survey is fine; however, based upon the Board's experience, the survey does not address the full extent of the issue. The Board is aware of the increased growth of the evangelistic ministries, many of which may qualify for exemption under the proposal. Additionally, this study does not address the affect to the tax base of those properties that counties have unilaterally removed from the tax rolls.

2. CHURCH OWNED-NON CHURCH OWNED. Under the Board's prior decisions exempting parsonages, there was a limitation that the church own the property. This limitation was made under the belief that non-church owned property would not qualify as exclusively used for religious purposes. The Kansas courts have now determined that even church owned residences cannot qualify as exclusively used for religious purposes.
3. MINISTERS OR OTHER CLERGYMEN. The Board's previous orders had only exempted residences of the pastor or head of the church. The statute refers to "ministers" or other "clergymen." We have seen cases where churches applied for exemption of residences occupied by their ministers of education, ministers of music, and the like. Some churches may consider their deacons or trustees to be clergymen or other church officials to be considered in the category of ministers or clergymen. The dictionary does not give much assistance in determining what is meant by ministers or other clergymen. The statute would appear to allow residences of these other church officials to be exempted.
4. REGULARLY ENGAGED IN CONDUCTING SERVICES. The statute requires that the minister be regularly engaged in conducting services. Religious services of many churches are conducted on Sunday and therefore it could be interpreted rather easily that regularly engaged in conducting services would mean conducting a Sunday religious service. There is potential for abuse in this area, for example, a person could claim to be a "minister" where he conducts a regular family prayer service or other religious service for his family or a small group of friends. The limitation of this type of abuse would be the requirement of having the residences be church owned. However, we have seen a number of applications for exemption of property for religious use where the Board has determined that the group is really not a church. There could be some need to clarify on a case-by-case basis in this area. The proposed statute will not solve another dilemma the Board has had to address. The court decision which denied the exemption of parsonages would remain applicable to residences of those who are not "regularly engaged in conducting services" such as the administrators of a church organization. We have had applications for residences of the Catholic Diocese, the Methodist Conference, the



Baptist Convention. We have had a number of cases dealing with convents for nuns where the nuns work at a hospital or teach school.

5. CONSTITUTIONAL QUESTIONS. This legislation will not solve the dilemma the Board finds itself in which ultimately will be your dilemma. We still have a Supreme Court decision which must be our guide in religious exemptions other than parsonages. What will we do with the residences of those in the administration of the church organization i.e., Catholic Diocese, Methodist Conference, Baptist Convention, the Supreme Court ruling must carry some weight when determining exemptibility of other church property particularly automobiles.

The statute would exempt private residences when occupied by ministers. Since the Shawnee District Court, in its recent decision, has determined that property is not used exclusively for religious purposes when occupied as a residence, the legislature must rely on its authority to grant exemptions where they provide some public benefit. The courts have determined that the legislature has such power but requires that a statutory exemption which expands the constitutional exemptions must provide some public benefit. Further, the constitution has been interpreted to restrict the legislature's authority to make laws respecting the establishment of religion. The obvious purpose of this statutory exemption is to assist only one group, that is, churches or religion. Only the houses of ministers are exempt. Every exemption is, in effect, a subsidy from government, since governmental services are still going to be provided to that exempt property. We believe this raises questions of legislative authority and unconstitutional discrimination.

The ancient Locrians in Greece gave freedom of speech to all citizens - - though at a cost which many must have considered too high. At public meetings, anyone could stand up and argue for changes in law or custom, on one condition. A rope was placed around his neck before he began to speak and if what he said did not meet with public approval, he was forthwith hanged.

I appreciate the opportunity today to speak on behalf of a great company of Kansas citizens - both clergy and laity - of more than 135 local churches and 17,731 members of Churches of the Nazarene scattered across our great state - from the Capitol City to the rural areas - from the very small congregation to the very large.

Do you ever wonder who you are? To the post office you are 'occupant.' The bank lists you as 2-1273-04-50. To the phone company you are 913-232-3316. Do you ever feel like a prisoner in a world of statistics? A number? A part of a machine?

Well, ladies and gentlemen, the several thousands of Nazarene families I represent today across the Sunflower State are not mere numbers or statistics - they are people - people who are counting on you to properly represent them and their views on vital issues such as this we consider today that will have far-reaching effect and consequences - not only upon us, but people of all religious faiths - pending the outcome of this legislative session.

I would appeal to you today to do all within your power to enact and support legislation that would remove church parsonages from the tax rolls. Many reasons will be considered, but I mention only three:

1. While the parsonage owned by the church - a non-profit institution - generally serves as housing for the minister and his family, in many churches and communities it is also used frequently for other religious purposes - official church board meetings, Bible study and prayer groups, family or individual counseling, birthday and anniversary fellowship meetings, class parties, and a host of other uses.

In numerous mission churches, where a regular church building is unaffordable, or a school or other meeting place is unavailable, church services are regularly conducted in a parsonage basement, double garage or living room until more appropriate worship facilities can be obtained.

Since the families in these churches already pay taxes on the homes they own, why should they pay again as a corporate body on the house used primarily for religious purposes?

2. A surprisingly high percentile (some say at least 50 per cent) of all existing churches of all denominations have fewer than seventy-five persons in attendance on any given Sunday for worship, and these small congregations - often in rural settings or small Kansas towns - are struggling to meet their budget and face the same economic stress that the State faces. It is not unusual in such churches that they have cut back in service ministries due to spiraling costs, yet they are often the only viable moral and religious force in these communities. A great majority of churches here in rural America are those who simply cannot afford to have this burden placed upon them! Many of these churches cannot even afford a full-time pastor, and would find a tax on their parsonage an extremely difficult obligation to assume.

3. The churches in our communities deserve what I choose to call 'reciprocal consideration.' By this term I simply refer to an increasing number of social services that are being assumed by churches of all faiths as federal and state funding cuts have forced the church into new roles of ministry to the poor, aged, and under-privileged - probably where a good measure of this responsibility of 'Good Samaritan' ministry belongs anyway!

Hardly a week goes by that our church does not receive a request for funds or facilities from social service groups here in Topeka and Shawnee County. And many of our churches have volunteered our buildings as convenient voting locations and/or to accommodate various forms of social services.

Why, then, is it not right to reciprocate this courtesy and consideration to continue the historic pattern of exempting church parsonages from the tax rolls?

In conclusion, may I say that we believe the majority of you want what is best for all concerned - not just a quick, easy way to raise revenue. We ask, then, that you give careful, thoughtful attention to the thousands of hard-working, God-fearing citizens of Kansas who feel that church parsonages should be removed from the tax rolls. Thank you, and God bless you.

- Robert L. Leffel

Senior Pastor

First Church of the Nazarene  
1001 SW Buchanan  
Topeka, Kansas

Senator Fred Kerr:

Committee Members:

The Victory Hills Church of the Nazarene located at 6200 Parallel Parkway, Kansas City, Kansas, a registered corporation in the State of Kansas, adopted through its Official Board, the following resolution: "Be it resolved that we do hereby support legislation to remove all church owned parsonages in the State of Kansas from the tax rolls."

We respectfully ask you to consider:

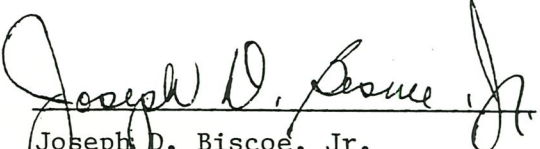
1. Neighboring states--Missouri, Arkansas, and Oklahoma--do not tax church property. Colorado taxes parsonages only in excess of a stated valuation. No Nazarene congregation in Colorado pays tax. Massachusetts, although not a neighboring state, allows one parsonage to be exempt from paying taxes.
2. Churches, as charitable institutions, do not purchase parsonages as a commercial venture or with the hope of financial gain.
3. Parsonages, although used as a residence for the minister, are also used as the pastor's office, a counselling office, a meeting place, and for the entertainment of church members and church related guests.
4. Churches are already heavily burdened attempting to meet utility bills, plus contributing to community needs. The destitute--both individually and collectively--constantly demand, and should receive funds from the church for assistance.
5. If church property is taxed, some church activities will be curtailed, other churches will find it necessary to close. What positive, moral alternative is there to a community without a church?
6. Historical precedence is on the side of the church not being required to pay taxes.

Some of you are from small communities where churches have struggled for existence for years. If church parsonages are taxed and that struggling church is closed--it is fair to assume that the State will pay far more for correctional institutions, crime prevention, all forms of welfare, than it can ever hope to receive from taxing church parsonages.

On behalf of my congregation, I urge you to remove all church parsonages from the tax rolls.

1-30-86

Date

  
Joseph D. Biscoe, Jr.  
Pastor

Esteemed Chairman  
Members of the Committees

I am Father Francis Krische of the Roman Catholic Archdiocese of Kansas City in Kansas. I speak on behalf of the five Catholic Bishops of Kansas. I express their gratitude and mine for the privilege of appearing before you in behalf of the "EXEMPTION FROM TAXATION OF PARSONAGES IN THE STATE OF KANSAS". The Kansas Catholic Conference is providing factual testimony at this hearing, but the Catholic Bishops feel this question is so profound in what Kansans say about life in the State, that they wish to add their personal statement.

Life is made up of realism and symbolism.

Realism speaks to the time and place in which people live. It speaks, today, to the nuclear society with all its human "fall-out". Realism speaks to a democratic free society in which people determine their own destiny or a dictatorial society in which life is determined for its citizens.

Symbolism speaks to the vision, the hopes, the idealism which a nation yearns for. It speaks to the higher, the nobler in human life-- to man's priorities and values in life. It speaks to a transforming power as a reality in life. Silence symbolizes deep thought-- calm-- peace.

Both realism and symbolism are very important to free people, striving for a more human life. The "Founding Fathers" of our Country spoke to both-- realism and idealism-- through words, signs, symbols, actions. History records their intense struggles to arrive at a delicate balance between the two.

One of their struggles was the relationship of Church and State. There were sincere and honest differences, which remain so today. But, they did arrive at a healthy balance. Examples of this beautiful balance are our

Chaplains for the Congress, our Chaplains for the Military. The Chaplain stands as both-- as a symbol and for the real. Religion is a living part of every human being created by God. Religion stands as an important part of the life of a Community. It stands as the foundation of a free society.

Taxation of a parsonage will not spell death to a community of religious people, even though it would be a serious negative for hundreds of our small urban and rural congregations. But, neither will taxation of parsonages, with the small dollars it would bring, balance our State budget.

However, exemption from real property taxation of parsonages, as proposed by the pending Bills before this Legislature, would set a very powerful and appreciated symbol of the high esteem in which religion is held by us and by all Kansans. What does taxation or exemption from taxation say about the presence of a rabbi, minister or priest to our town's people or a neighborhood in our cities? What does it say about the personal and communitarian values we place upon a church or synogogue as a part of our American life? Taxation or Exemption from taxation says much about our beloved State of Kansas.

The Roman Catholic Bishops of Kansas, joined with our ecumenical co-religionists, respectfully ask and urge this Legislature to pass the necessary legislation to exempt parsonages in our State from real property taxes.

Most Reverend Ignatius J. Strecker  
Archdiocese of Kansas City in Kansas

Most Reverend George Fitzsimons  
Diocese of Salina

Most Reverend Eugene Gerber  
Diocese of Wichita

Most Reverend Marion F. Forst  
Archdiocese of Kansas City in Kansas

Most Reverend Stanley Schlarman  
Diocese of Dodge City



# AMERICAN BAPTIST CHURCHES OF THE CENTRAL REGION

(913) 272-7622

5833 S.W. 29TH

BOX 4105

TOPEKA, KS. 66604

Joint Committee on Assessment and Taxation

January 30, 1986

Taxation of Church Owned Parsonages

by

Fred Thompson, Executive Minister  
American Baptist Churches of the Central Region

American Baptists have been in the forefront of the fight for religious liberty since the beginning of this Nation. Rhode Island was established as the first colony with religious freedom by Roger Williams, who was also the founder of the first Baptist Church in America. No group was as responsible for the inclusion of the First Amendment to the Constitution as Baptists.

We, therefore, come to support the bills before the Legislature which would exempt parsonages from taxation and, indeed, request that the "used exclusively for religious purposes" clause be stricken from the law. Not to do so places the Church and the State on a collision course.

We make the request for the following reasons:

1. The taxation of church parsonages is a violation of the U.S.

Constitution even if the Kansas Constitution has been amended to make that possible. The United States Supreme Court in *Walz vs. Tax Commission* held that the exemption of church owned properties from taxation does not violate the establishment clause of the First Amendment. Chief Justice Berger hinted that it might be a requirement, though the Court stopped just short of that explicit ruling. Such a conclusion, however, seems clear in the reasoning

which supported the decision. The Court based its decision on the fact that the exemption does not confer a preferential benefit upon churches but rather a general benefit conferred upon the large group of non-profit upon churches but rather a general benefit conferred upon the large group of non-profit entities which the government has chosen to exempt.

The primary and fundamental reason for not taxing churches is that they are not non-profit organizations which generate no wealth as distinguished from organizations which exist solely for profit. Because our taxing system directs its taxing power at "net income" there is simply no basis for the taxation of churches.

The excessive entanglement that would eventually result from taxation seems obvious. Tax investigations, audits, foreclosures and sales will be the inevitable outcome of this confrontation between Church and State.

This taxation will be an open door to potential governmental regulation and control.

2. The taxation of church owned parsonages will destroy a number of our small rural churches. The farm economy has them on the fence. Such taxation will be the difference between being able to afford a minister and not being able to do so. This condition created by the State will deprive a number of churches of worshiping according to the dictates of their conscience.

The Supreme Court has held that, "The power to tax the exercise of a privilege is the power to control or suppress its enjoyment. Those who can tax the exercise of (a) religious practice (including the provision to house clergy) can make its exercise so costly as to deprive it of the resources necessary for its maintenance". Put simply, "the power to tax is the power to destroy."



3. I do not believe most people understand the reason for church owned parsonages. It is not simply to serve as landlords. Most of the churches in our larger communities pay a housing allowance and our clergy do pay taxes. However, in smaller communities where pastorates change the most often, the real estate market makes impossible the orderly change of pastorates if the church does not own the parsonage. The church owned parsonage is far more a requirement for clergy service than a desire to serve as landlord. Parsonages are a provision for worship.
4. The tax upon parsonages will be counterproductive. The Church provides literally millions of dollars each year to undergird the general welfare of the people which would otherwise be the responsibility of the body politic. The attempt to tax churches who are offering a non-profit service such as day care centers, polling places for governmental units, retirement homes, and many more just because they are receiving a small portion of the costs in charges or rentals will backfire. Put these groups out of business and you will have a flood of agonizing humanity on your hands.
5. The "exclusive use" clause which seems to give the government the power to decide what religious practice is and what it is not. We in the church will not allow the government to determine what is and what is not an exercise of our faith. To do so would be to sell out and give to Caesar what belongs to God.
6. The parsonage issue cannot be seen in isolation. The Federal Government is attempting to legislate that the pension boards of our churches must be treated as for-profit organizations when in fact they are not. The Internal Revenue Service proposes to treat clergy

housing allowances as different from the military and raise a new cadre of high priests in this nation, making Thor, the god of war, our official deity. There is an attempt to tax churches which have day care centers and who receive any amounts of funds to take care of even the utilities when Boy Scouts or other non-profit organizations meet in our buildings.

There appears to be a determination by the State to wage war upon the Church. We are not sure whether it is war or simple greed. It may be both. If that continues, some aspects of the Church may be driven underground and some aspects of the Church's organization and financial provisions may need to be conducted from outside the United States. Such actions would be grave responses that would set the Church against its own government. That is not the desire of the Church and it is not something I believe the government can afford.

The taxation of church owned parsonages is wrong. In the opinion of the American Baptist Churches of the Central Region it is unconstitutional. It will also prove to be counterproductive.

We ask you to pass a bill which both exempts parsonages and strikes the "exclusive use" clause from the law.

Attached is a copy of the resolution passed at our Region meeting, October 11, 1985 with a vote of Yes, 232; No, 110; and Abstention, 11.

1985

AMERICAN BAPTIST CHURCHES OF THE CENTRAL REGION

Resolution

TAXATION OF CHURCH OWNED PARSONAGES

1       Whereas, since 1909 the Kansas Legislature has kept in force a specific  
2 exemption for church owned parsonages and though this statutory exemption  
3 was dropped in 1970, the Board of Taxation, on its own authority, continued  
4 to grant exemptions of church owned parsonages until Judge James P. Buchele,  
5 District Judge of Shawnee County on December 26, 1984, effectively  
6 nullified the Board of Taxation exemption. (Case No. 84CV965)

7       Whereas, this ruling should now be opposed because of our denomina-  
8 tion's long standing opposition to any infringement by the State on matters  
9 directly affecting the church or church property dating to pre-Revolution  
10 times, and because this ruling punishes the people who worship at a local  
11 church and financially support the ministry of that church, by taxing them  
12 for church property after they have previously paid taxes on their own  
13 personal property, and because in areas where local churches face an  
14 already crippling economy due to the farm crisis, this new tax could  
15 effectively close numerous small churches.

16       Whereas, sadly "the power to tax carries with it the power to  
17 embarrass and destroy" (U.S. Supreme Court, Evans vs. Fore, 1920) and  
18 that is what this ruling effectively will do to many local churches.

19       Whereas, the judgment embarrasses the church by placing them in subser-  
20 vience to the State and destroys the church's ministry by hindering, if not  
21 cancelling, their opportunity to carry on ministry in the local community,  
22 because of this unwarranted appropriation of funds derived from freely  
23 given offerings.

24       THEREFORE, BE IT RESOLVED THAT THE ABC CHURCHES OF THE CENTRAL REGION  
25 CALL UPON THEIR CONSTITUENCY AND FRIENDS TO:

26 1) Write their local representatives of the Kansas Legislature and Senate  
27 protesting this judicial decision and calling upon them to legislatively  
28 reinstate the exemption on church owned parsonages.

29 2) Enlist the support of Christians in their community from other denomi-  
30 nations to also write in support of the exemption.

31       BE IT ALSO RESOLVED THAT THE LEADERS OF OTHER DENOMINATIONS IN KANSAS  
32 BE INVITED TO JOIN WITH THE AMERICAN BAPTIST CHURCHES OF THE CENTRAL REGION  
33 TO ASCERTAIN WHETHER OR NOT AN APPROPRIATE REMEDY MIGHT BE FOUND THROUGH A  
34 CHALLENGE IN THE FEDERAL COURTS TO THIS APPARENT VIOLATION OF THE FIRST  
35 AMENDMENT TO THE CONSTITUTION.

: Larry R. Tucker CPA  
1909 North Madison  
Hutchinson, Kansas 67502

SUPPORT FOR THE EXEMPTION OF PARSONAGES  
FROM PROPERTY TAXATION

TESTIMONY BEFORE THE JOINT SENATE AND HOUSE ASSESSMENT AND TAXATION  
CONFERENCE COMMITTEE  
STATE HOUSE  
TOPEKA, KANSAS  
JANUARY 30, 1986

TO THE MEMBERS OF THE COMMITTEE, I FIRST WISH TO THANK YOU FOR ALLOWING  
ME THE OPPORTUNITY TO EXPRESS MY CONCERNS REGARDING THE HOUSE AND SENATE  
BILLS TO EXEMPT PARSONAGES FROM PROPERTY TAXATION. I AM SPEAKING IN  
SUPPORT OF THE EXEMPTION AND ENCOURAGE YOUR COMMITTEE TO PASS THE BILL  
AND SUPPORT ITS PASSAGE INTO LAW.

I ATTEND A SMALL CHURCH IN HUTCHINSON, KANSAS. OUR CHURCH OWNS A  
HOUSE NEXT DOOR THAT IS USED FOR A PARSONAGE. ALTHOUGH OUR PASTOR AND  
HIS FAMILY LIVE THERE, THE PARSONAGE IS REALLY AN EXTENSION OF OUR  
CHURCH. BECAUSE OF OUR CHURCH'S LIMITED SIZE, WE USE OUR PARSONAGE FOR  
SUNDAY SCHOOL CLASSES, BIBLE STUDY AND OTHER CHURCH RELATED FUNCTIONS  
AND MEETINGS. OUR CONGREGATION RELIES ON ITSELF FOR SUPPORT AND AL-  
THOUGH WE MAY NOT BE MATERIALLY WEALTHY, WE ARE RICH IN OUR CHRISTIAN  
FAITH.

I AM OPPOSED TO TAXATION OF PARSONAGES FOR THE FOLLOWING REASONS:

1. CONGREGATIONS THAT CAN AFFORD IT THE LEAST WILL BE HURT THE MOST.  
CHURCHES THAT START OUT SMALL MANY TIMES CHOOSE TO BUY A PARSONAGE  
TO HOUSE ITS PASTOR TO PROVIDE ITSELF A MEANS TO HAVE ADDITIONAL  
SPACE FOR CHURCH RELATED ACTIVITIES. IN MOST CASES THE PARSONAGE  
IS NEXT TO THE CHURCH SO THAT THE PASTOR CAN WATCH OVER THE PROPERTY  
AND BE AVAILABLE FOR OTHER ADMINISTRATIVE DUTIES. ALL THIS IS DONE  
TO HOLD DOWN CHURCH EXPENSES AND UTILIZE ITS PROPERTY AS EFFICIENT  
AS POSSIBLE SO THAT ITS FUNDS CAN BE SPENT ON EXPANDING ITS MINISTRY.  
I BELIEVE THAT ADDING PARSONAGES TO THE TAX ROLLS WILL HURT SMALL  
CHURCHES THE MOST.

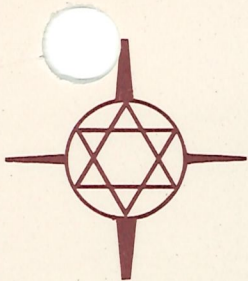
2. PUTTING PARSONAGES ON THE TAX ROLLS WILL PROVIDE LITTLE REVENUE TO OUR LOCAL GOVERNMENTS. IN HUTCHINSON AND RENO COUNTY, IT HAS BEEN ESTIMATED THAT PARSONAGES WILL ONLY INCREASE THE TAX BASE FOR REAL PROPERTY BY APPROXIMATELY TWO HUNDRED THOUSAND DOLLARS. OUT OF AN ESTIMATED TOTAL TAX BASE OF OVER ONE-HUNDRED FORTY MILLION DOLLARS, THIS COMPUTES OUT TO APPROXIMATELY TWO-TENTHS OF ONE PER CENT. MY ASSUMPTION IS THAT THIS IS PROBABLY THE SAME SITUATION THROUGHOUT OUR STATE. YES, WE NEED PROPERTY TAX RELIEF IN KANSAS, BUT THIS WILL NOT BE ACHIEVED BY ADDING A FEW PARSONAGES TO THE TAX ROLLS. I BELIEVE THERE ARE MORE EQUITABLE AND BETTER SOURCES OF REVENUE THAT CAN BE FOUND TO ACHIEVE THIS END.

3. I SUPPORT THE PRINCIPLE OF SEPARATION OF CHURCH AND STATE. OUR COUNTRY'S FOUNDING FATHERS KNEW THIS IN THE BEGINNING AND IT IS JUST AS IMPORTANT TODAY. I BELIEVE THAT IF PARSONAGES ARE NOT EXEMPT FROM TAXATION, THEN OUR FREEDOM OF RELIGIOUS CHOICE, THAT WE HAVE TODAY, WILL BE IN JEOPARDY.

IF GOVERNMENT STARTS TO TAX CHURCH PROPERTIES, THEN THIS WILL OPEN THE DOOR FOR CHURCHES, RELIGIONS AND CULTS TO INTERFERE WITH MATTERS OF THE STATE.

MEMBERS OF THIS COMMITTEE, I BELIEVE THAT THIS IS MORE THAN JUST A DOLLAR AND CENTS ISSUE. I BELIEVE THAT IT CHALLENGES OUR RELIGIOUS FREEDOM THAT WE ENJOY IN OUR COUNTRY TODAY.

IT IS TIME TO PUT THIS ISSUE TO REST AND PASS A LAW TO EXEMPT PARSONAGES FROM PROPERTY TAXATION. THERE ARE OTHER WAYS TO RAISE REVENUE, SUCH AS SALES TAX, GASOLINE TAX, INCOME TAX AND OTHERS TO PAY FOR OUR GOVERNMENTAL SERVICES. AS OUR ELECTED OFFICIALS IN TOPEKA, I ASK THAT YOU WILL HAVE A VISION FOR TOMORROW IN SOLVING PROBLEMS, NOT CREATING NEW AND DANGEROUS ONES. FOR THESE REASONS, I ASK FOR YOUR SUPPORT. THANK YOU.



# INTER-FAITH MINISTRIES — WICHITA....

(WICHITA COUNCIL OF CHURCHES)

216 EAST SECOND ● WICHITA, KANSAS 67202 ● (316) 264-9303

REV. JAMES M. BELL  
EXECUTIVE DIRECTOR

Testimony on House Bill No. 2632 before the  
Joint House and Senate Assessment and Taxation  
Committee.

Mr. Chairman and Members of the Committee, my name is James Bell. I am the Executive Director of Inter-Faith Ministries-Wichita. Inter-Faith is the successor of the Wichita Council of Churches. This is the 101st year of cooperative work among congregations in Wichita. The charter for the Wichita Council of Churches dates to 1919 and we became inter-faith in the late 1970's when the Jewish congregations became a part of the Council. At that time the name and constitution were changed to reflect the inter-faith nature.

I want to address several areas of concern about the taxing of property held by religious institutions, and specifically the taxation of parsonages.

- 1) To tax the property which is used by a congregation to house the minister or rabbi or spiritual leader, is to inflict a hardship on the ability of that congregation to provide spiritual leadership for its members. In many, many instances across this state the parsonage is a vital part of the salary package a congregation can offer their clergy. In many places the parsonage is next to the house of worship (or within close proximity). Some small congregations would find it a hardship if they had to provide money for housing, but can offer a place to live in the parsonage.

The taxation of parsonages is the taxing of religious property owned by a congregation to house a spiritual leader. The parsonage is almost always provided for the benefit of the congregation, not the benefit or even desire of the clergy. Clergy who live in parsonages adapt their own living to the accommodations of the parsonage. They have no opportunity to build equity for themselves and are constantly aware that this is "the church's house". The only reason that house is provided is because that man or woman is serving as the spiritual leader of that group of people.

- 2) There is a sense in which the taxation of church properties amounts to a double taxation on property owners who desire to be a part of a congregation. There is, first, the taxation on their own property. Second, they are taxed for property so that they can provide a spiritual leader for the congregation. They are taxed because they practice a religion and desire to have a spiritual leader.

- 3) There are far greater implications involved in the taxation of parsonages than meets the eye. I believe this is a "foot in the door" which can eventually result in massive taxation on all religious property not used "exclusively" for worship. What will eventually stop the state from taxing those parts of church buildings not used "exclusively" for services of worship? What will stop the state from taxing religiously operated programs housed in buildings connected to the sanctuary of the congregation? What will stop the state from taxing religiously operated programs housed in buildings away from the sanctuary, i.e. food pantries, counseling services, prison ministries, homeless shelters, hospitals, youth centers, crises centers, etc.?

The "exclusive use" terminology has the potential of doing great harm to the over-all mission, ministry, witness and worship-life of a congregation. There is the possibility of taxing a religious body out of existence by taxing everything surrounding that group except its "exclusive use" of a worship site or room.

- 4) There are a few who believe religious properties should be taxed so that religious organizations "pay their way" for services provided by the community. Information I have seen estimates the cost of tax-free parsonages in Kansas at 1.4 million dollars, based on 2500 tax-exempt parsonages in 65 counties.

I suggest to you that 1.4 million dollars is a drop in the bucket compared with the services provided in the community by the religious bodies and their spiritual leaders.

To look only at lost revenue of a piece of property without considering the contribution of the religious congregations to the community is a short-sighted way to view the situation. For example, think of the added tax burden to a community if the food pantries would suddenly close, if churches stopped providing hot meals for the poor in their neighborhoods, if they closed their shelters and hospitals, if they discontinued their youth and senior citizen programs, if they could not afford to operate child-care facilities and day-care centers, if they could offer no summer camping programs. Consider also the tremendous contribution our religious institutions make to the community simply through their education ministries which teach moral and ethical values that help us live together in community.

Consider also the contribution of that clergy who lives in that parsonage. Many serve as police chaplains, fire chaplains, counselors, members of community boards and organizations. When the community suffers or celebrates it usually seeks the counsel and guidance of religious leaders. Seldom, if ever, is a community or individual expected to pay for the services given by the clergy.

I suspect the actual dollar amount contributed to a community by the services provided by our religious congregations and institutions far outweigh any losses from property taxes on parsonages.

There are many of us in the religious community who see this as an outright attack on the religious structure. It has the potential for seriously affecting our ability to financially afford to continue providing for our spiritual leaders and for the programs and missions to which we believe faith expressions call us. It is a blatant example of the state's intrusion into religion, the erosion of the separation of church and state.

Thank you for your time and your consideration. I sincerely hope you will recommend this bill (House Bill #2632) to the Kansas Legislature for passage.



Rev. Alice Monschke -- Pastor, Eastminster Presbyterian Church, Topeka, Kansas  
Trustee, Presbytery of Northern Kansas

I come here "wearing two hats;" one is that of a minister and the other is that of a citizen of this state and nation. These are not mutually exclusive roles, but I am caught with two different responses to the issue of taxation of church owned property, particularly the issue before you today, that of the taxation of church owned property used as the residence of a minister.

On one hand, as a minister I hear the question raised by the Pharisees and Herodians in their attempt to trick Jesus into indicting himself, about whether to pay tribute to Caesar by paying taxes. Jesus' response was quite clear, give to Caesar that which belongs to Caesar, and give to God the things that are God's.

If we search for scriptural references to support a claim of exemption from taxation, we do not find it. An argument for the separation of church and state cannot be based on scripture.

But as a citizen, I can stand before you to plead the case for the exemption of church property from taxation, not on the basis of scripture, but on the basis of the Bill of Rights of the Constitution.

Two hundred years ago the state waived what rights it might have had of taxation of the church and its properties, when it set up the amendments guaranteeing free speech, the free practice of religion, and the doctrine of separation of church and state in which the state was expressly forbidden to make any law respecting an establishment of religion or prohibiting its free exercise.

Two hundred years ago those who laboriously worked through the issues of freedom to design a new nation, were well aware of the problems that had arisen and would arise when the church was made responsible to the state, even through taxation. Those who wrote the Declaration of Independence, the Constitution and the Bill of Rights were those who had known how it was when the church was under the control of the state. In writing the documents upon which the government would be formed, they waived the right of the state to control or to anyway interfere with the work of the church and religion. They did not demand the submission of the church to governmental authority, but rather deliberately, thoughtfully, and consciously set apart the church from governmental intervention.

Even though we, as 20th century Americans, do not know first-hand what it was like to live in a nation where state and church were intermingled and the church was repressed, our forefathers and foremothers knew, and in the wisdom of their experience they declared that the state and church must be separate, and on the wisdom of their experience, (and I pray we will never have to experience it for ourselves) I ask that this committee present to the legislature as a whole, a bill which would exempt the church from the state's control via taxation of its property.

Throughout the history of this nation, the church has both supported the state and stood against the state. It has often been a mirror held up to allow this nation to look at itself, to applaud its strengths and address its weaknesses. To limit the church and its freedom, to place it under the control of any governmental agency, to allow its independence and loyalty to be threatened is to jeopardize the basic principles of this nation. It is the nation, its government and its people who will be the losers if the tenets upon which this nation was built are destroyed.

Thank you.

To the Members of the Kansas Legislature:

I would hope that serious consideration will be given to tax exemption for church parsonages. The money saved by churches through this act would not accrue as profit to anyone but would be used in the services and ministries of that church. Being taxed would create a hardship for many small churches. Thank you for your consideration of this matter.

Robert J. Kasper,  
Pastor, First Congregational Church,  
United Church of Christ,  
303 East 4th St.  
Tonganoxie, KS 66086

*Written  
Testimony  
only*

THE LUTHERAN CHURCH-MISSOURI SYNOD



KANSAS DISTRICT  
2318 W Tenth Street  
Topeka, Kansas 66604  
913 357-4441

Elmer Karstensen,  
Executive Secretary  
of Stewardship

DATE: January 30, 1986

TO: Kansas Senate Committee on Assessment and Taxation  
Kansas House Committee on Assessment and Taxation

On behalf of the congregations of the Kansas District of The Lutheran Church-Missouri Synod I would like to urge your favorable consideration of the bills providing for statutory exemption of parsonages from the Kansas property tax.

While we acknowledge that parsonages have been subject to taxation since the tax code revisions of 1969, the fact that such taxes have not been levied would tend to indicate a governmental reservation about actual imposition of the tax.

A survey of congregations of the Lutheran Church indicates that about 100 congregationally owned parsonages are currently subject to tax. The gross tax liability is estimated at slightly more than \$70,000. These taxes could only be paid from congregational contributions--many given for the mission and ministry of the church.

Spending on tax would seriously harm many church budgets and would certainly divert contributions from their intended use. In part, funds would also be diverted from congregational charities. We can envision demands on the state for assistance in those areas currently served by congregational charities of all denominations.

I would be happy to address any questions you may have and urge favorable action on the bill to exempt parsonages from property taxation.

Respectfully,

  
Elmer Karstensen,  
Executive of Stewardship

EK/jw

*Written  
Testimony  
only*

TONGANOXIE **FRIENDS** CHURCH

PASTOR - J. WESLEY MURPHY  
913/845-2590



4TH AND SHAWNEE  
TONGANOXIE, KANSAS 66086

January 28, 1986

To Members of the Kansas State Legislature:

We are against the taxation of church parsonages. We feel that to exempt parsonages from taxation is an appropriate way for government to honor God's work. We strongly urge our legislators to seek God's direction for all of their decisions.

The following points were made in a letter we received from our Friends Church denominational office in Wichita, Kansas.

1. A church parsonage is a vital part of the compensation being paid to the pastors and they are usually among the lower paid professiona.
2. The expense of real estate taxes being added for church parsonages will cause many churches to discontinue owning a parsonage, and this will be a hardship on many pastors.
3. Because of the farm economy and because a great many churches serve the farm community, this additional expense will be a great burden. Funds must come from cutbacks in other ministries and services to the people's needs.
4. The separation of church and state should continue to be applicable to a residence owned by the church for occupancy by it's pastor.

Thank you,

*J. Wesley Murphy*  
Pastor J. Wesley Murphy

*written  
testimony  
only*

JOHN 15:14  
"Ye are my friends, if ye do whatsoever I command you."

Attachment 14

1-30-86  
Hs. A&T



# The First Congregational United Church of Christ

Mendle Adams, Minister  
Study Phone 241-0809

224 South Maple  
McPherson, Kansas 67460



~~Joint Hearing~~  
House and Senate Committees  
on Taxation and Assessments  
Capitol Building  
Topeka, Kansas

Dear Legislators and Senators:

My name is Mendle Adams, I am president of the McPherson Ministerial Alliance, and pastor of the First Congregational United Church of Christ in McPherson.

Membership in the McPherson Ministerial Alliance is open to all clerics and pastors in McPherson, regardless of denomination. We are an autonomous body of clerics and have no structural ties to any organization at the state or national level whatsoever. Our membership is comprised of protestant and catholic, urban and rural, liberal and conservative, charismatic and peace churches, male and female, black and white, democrats and republicans and independents.

Out of this exciting mix of ideas and approaches to our faith have come a variety of ministries to our constituencies and the community at large. These include day care, parenting classes, food banks, Scouts, 4H, sports programs, teen dances & socials, diet & exercise programs, counseling, community groups of various kinds, as well as prayer groups, bible studys, worship services and bazaars and church suppers.

As the funds available from Federal and State programs have been cut since 1980, many of us responded by opening our doors wider to provide facilities for needed social programs asking only for a contribution toward the utilities and upkeep of our buildings. (in some cases at no cost at all to the group.)

The Director of the Division of Property Valuation's interpretation of recent court rulings places the continuation of all of these programs in jeopardy. Many of our smaller churches are able to afford professional leadership only because previous generations were able to purchase adequate housing for parsonages. Without the tax advantage to the congregation of owning a parsonage, many of them will have to go without professional leadership.

If you lived in Roxbury, Kansas where the Methodist and Presbyterian Churches merged, due to declining population and dwindling resources, and where the federated church and parsonage are the only facilities available for community social functions, such a narrow tax ruling could very well mean the death of your town. Across Kansas there are other little towns, such as Groveland, New Gottland, Marquette and hundreds of others for which this ruling will mean disaster.

The McPherson Ministerial Alliance strongly supports the restoration of the tax exemption for churches and parsonages in order that we may continue to serve the needs of the people who

*Written  
Testimony  
Only*

are in our area.

It would cost the state much more than what this tax would generate to duplicate the services we provide each day.

Please use the influence of your elected office to correct this reversal of the traditional taxation policy of Kansas.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mendle Adams", followed by a horizontal line.

Mendle Adams, president  
McPherson Ministerial Alliance

SUBJECT: Taxation Of Church Parsonages  
TO: Chairperson and Members of the Board  
DATE: 30 January, 1986  
LOCATION: Capital Building, Topeka, Kansas

To the Chair and Members of the Board, I recommend NO TAXES be imposed on the Church Parsonages for the following reasons:

1. For the most part, it's provided to meet the basic housing needs for the Pastor and Family while assigned to the Church.
2. A Parsonage is a house provided by a Church for its Pastor and Family.
3. The Church is not on a Fixed Income. The monies comes from folks just like you and I. Some of us give, and some of us don't. Therefore the Income of the Church goes Up and Down. During the winter when the bills are Up, the Income goes down, people stay home, but the BILLS still must be paid. During the Summer months, when cacations come, the Pay, Contributions, Tithes and Offerings goes down. Some months the Pastor's pay goes down or he/she may not get paid at all for the months until the utility bills are paid. Then the up-keep of the church and building and property cost, and there's no Building Funds to pay for the Up-keep! What then?
4. Biblical Reference: Genesis 47:22; 47:26; Ezra 7:24; And St. Matthew, 22:17-21, please read those references when you have a chance.
5. Facts:
  - a. A Church may own the house and property.
  - b. A Church may rent the house from an agency.
  - c. A Church may lease the house from an agency.
  - d. A Church member may provide a house for its Pastor and Family as a Humanitarian Gift to the church as long as the church is in existence.
  - e. A Church may receive a house through the personal interest of a person's estate for as long as the church is in existence.
  - f. The academic question then becomes, how much research into this matter of Taxation of Church Parsonages in the State has been conducted? What are the demographical facts? With such questions as, How many Church Parsonages are there in the State of Kansas? How many Churches own them in accordance with the criteria mentioned previously? What state of condition is the Up-keep of the buildings and property, run down, needing repairs etc? How will the scale of Taxation vary in payment from church to church? What about the small churches with small congregations? How much money will this add to our Tax Base Funds for the State?

Dr. Theodore R. Lee, Sr.  
Pastor, St. Mark AME Church  
801 Harrison,  
Topeka, Kansas 66608

Attachment 116

1-30-86  
Hs. A&T



Johnson County  
Kansas

TO: SENATE AND HOUSE ASSESSMENT AND TAXATION  
COMMITTEES

FROM: JOHNSON COUNTY BOARD OF COMMISSIONERS

SUBJECT: PARSONAGES EXEMPTED FROM PROPERTY TAX  
SB 399, SB 400 AND HB 2632

DATE: January 31, 1986

The Johnson County Board of Commissioners are opposed to the exemption of parsonages from property tax in Senate Bills 399 and 400 and House Bill 2632. As a matter of policy we must oppose these and all legislation that will adversely affect the local tax base.

The church properties the proposed bills exempt, are generally used for residential purposes only and do not support religious activities. It is difficult to understand why taxpayers should be required to subsidize the living quarters of a particular profession. Even within that profession such exemptions create inequity. Members of the clergy who receive housing allowances or churches that rent housing for this purpose do not enjoy the proposed exemption.

The argument can be made that until a 1984 court ruling these properties were not taxed, therefore the local governments will not experience a loss. In response to that reasoning two major points must be considered. First, there is no data on how many churches have never applied for an exemption and have been paying property tax on their parsonages. Should these bills be adopted, all such properties will automatically be taken off the tax rolls. Second, and of most concern, is the statement by the Post Audit staff that the state is not able to determine what constitutes a church. The strongest proponents of the bills must have some anxiety on the problems this can bring about. Answers to these and other concerns should be provided before a decision is reached on this group of bills.

As you reflect on the issue of property tax exemptions we ask you to carefully review all the consequences and the potential effect on the local governments and your constituents.

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testimony  
only  
Did not  
testify*





# The First Congregational United Church of Christ

Mendle Adams, Minister  
Study Phone 241-0809

224 South Maple  
McPherson, Kansas 67460



~~Joint Hearing~~  
House and Senate Committees  
on Taxation and Assessments  
Capitol Building  
Topeka, Kansas

Dear Legislators and Senators:

My name is Mendle Adams, I am president of the McPherson Ministerial Alliance, and pastor of the First Congregational United Church of Christ in McPherson.

Membership in the McPherson Ministerial Alliance is open to all clerics and pastors in McPherson, regardless of denomination. We are an autonomous body of clerics and have no structural ties to any organization at the state or national level whatsoever. Our membership is comprised of protestant and catholic, urban and rural, liberal and conservative, charismatic and peace churches, male and female, black and white, democrats and republicans and independents.

Out of this exciting mix of ideas and approaches to our faith have come a variety of ministries to our constituencies and the community at large. These include day care, parenting classes, food banks, Scouts, 4H, sports programs, teen dances & socials, diet & exercise programs, counseling, community groups of various kinds, as well as prayer groups, bible studys, worship services and bazaars and church suppers.

As the funds available from Federal and State programs have been cut since 1980, many of us responded by opening our doors wider to provide facilities for needed social programs asking only for a contribution toward the utilities and upkeep of our buildings. (in some cases at no cost at all to the group.)

The Director of the Division of Property Valuation's interpretation of recent court rulings places the continuation of all of these program in jeopardy. Many of our smaller churches are able to afford professional leadership only because previous generations were able to purchase adequate housing for parsonages. Without the tax advantage to the congregation of owning a parsonage, many of them will have to go without professional leadership.

If you lived in Roxbury, Kansas where the Methodist and Presbyterian Churches merged, due to declining population and dwindling resources, and where the federated church and parsonage are the only facilities available for community social functions, such a narrow tax ruling could very well mean the death of your town. Across Kansas there are other little towns, such as Groveland, New Gottland, Marquette and hundreds of others for which this ruling will mean disaster.

The McPherson Ministerial Alliance strongly supports the restoration of the tax exemption for churches and parsonages in order that we may continue to serve the needs of the people who

*Written testimony  
Did not testify*

are in our area.

It would cost the state much more than what this tax would generate to duplicate the services we provide each day.

Please use the influence of your elected office to correct this reversal of the traditional taxation policy of Kansas.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mendle Adams", with a horizontal line extending to the right from the end of the signature.

Mendle Adams, president  
McPherson Ministerial Alliance

January 27, 1986

Testimony on House Bill 2632  
Before House & Senate Assessment & Taxation Committee

by

William Zorn

McPherson, KS

Tax exemption of churches and church property has recently become a subject of interest and controversy as states are increasingly pressed for revenue. I'd like to focus attention away from the mundane points raised about this issue, namely, "aren't these really 'subsidies' and shouldn't churches pay their 'fair share' etc." and transcend this issue with comments about what I perceive to be the Biblical perspective of taxation of real property.

First of all, any discussion of taxation must involve the discussion of sovereignty. Clearly, the power to tax is the claim of ownership and control over man and his possessions. Every tax levied is an implied claim that the property involved is owned by the state. If, for example, a man (or church) is unable to pay his property tax on his home, the state can deny him the use of his home by confiscating it and selling it to others willing and able to pay the tax.

Additionally, every claim of taxation is a claim of prior ownership. This means in principle that every member of society is merely a steward of his life and property and not the owner. The owner is the sovereign.

This juridical principle of ownership and stewardship is inescapable. Regardless of the form that society may take, all men within society are

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testify*

January 27, 1986

seen as stewards. The reason that this is inescapable is because it was established by the God of Scriptures from the beginning. Man was created solely by God to be a steward. Regardless of whether that society is Christian or not, it can be seen that every society begins with a basic theological presupposition as to who is the sovereign or owner and who is the steward or creature.

In Psalm 24:1, David declares that "the earth is the Lord's, and the fulness thereof; the world, and they that dwell therein." This declaration states that God owns the world and the people in it - that He is the Ruler of Creation. The modern state declares the opposite. It claims ownership of and control over its steward-citizens as evidenced by the bill before us.

Since taxation is the means whereby sovereignty and ownership are impressed upon men, whoever is sovereign has the right and will exercise the power to tax. It is for this reason that there is no property tax in the Bible. The right to tax real property is implicitly denied to the state because the state has no earth to tax. It naturally follows that the church is not a part of the state's jurisdiction and is therefore immune from taxation.

Our state labors under a pretotalitarian assumption: that government has a claim upon every penny in our pockets, every activity of our lives, every expression or undertaking we attempt, and restrains that claim only by affirmative and magnanimous generosity toward those particular endeavors it favors or fosters.

Finally, the issue that faces us is the issue of sovereignty. To whom is man accountable? When taxes are levied by the state in violation of the Word of God, they are illegitimate and illegal. All such taxation, because it takes property in violence to Scripture is an attack upon God. For these reasons I petition you to remove church parsonages from the tax rolls.

Respectfully submitted,

*Willha Lon*