



# BAPTIST PRESS

News Service of the Southern Baptist Convention

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October 7, 1977

77-178

IRS Official Denies Rule  
Restricts Church Freedom

By Stan Hasteay

WASHINGTON (BP)--A high-ranking tax official said here that the Internal Revenue Service (IRS) rule requiring some church-related agencies and institutions to file financial information returns does not infringe on the separation of church and state.

Alvin D. Lurie, assistant commissioner of the IRS for employee plans and exempt organizations, told participants at a conference on taxation and the free exercise of religion that the rule on "integrated auxiliaries" promulgated earlier this year was designed to inhibit the "proliferation of the phoney church" and not to help the churches define their mission.

The controversial ruling has been assailed by numerous religious groups, including the Southern Baptist Convention, which condemned the requirement at its annual session in Kansas City in June.

In addition, the Baptist Joint Committee on Public Affairs has helped lead the fight against the new rule since it was first proposed by IRS in February 1976.

After the original announcement in the Federal Register that IRS intended to define the term "integrated auxiliaries," more than 80 religious bodies protested formally in testimony submitted to the powerful executive agency. Fifteen of those groups, including the Baptist Joint Committee, subsequently appeared during a one-day hearing in June 1976 to object to the proposed regulation.

Between the time the proposed regulation was announced and its implementation last January, IRS made changes in the wording of the regulation. Many church groups feel that the final version of the IRS rule is worse than the original proposal which they so strongly opposed.

In his remarks to the 144 conference participants here, Lurie defended the IRS action, saying that the "significant alterations" were made in response to the protests by the churches.

Conference participants were unable to cross-examine Lurie on his allegation, however, because his appearance came with the understanding that he would not respond to questions from the audience. He did remain briefly after the address to field questions from individuals off the record.

Lurie contended in his address that the IRS was forced to define "integrated auxiliaries" after Congress enacted the tax reform act of 1969, a bill which used the controversial term for the first time.

The new phrase was "actually made out of wholecloth" by Congress at that time, Lurie said, leaving IRS in the position of having to decide what it meant for tax purposes. IRS has simply "carried out an obligation," he said.

The "generating principle" behind the new rule, he said, was that church-related organizations that have "secular counterparts" and who derive a portion of their income from the public at large should be held accountable by being required to file Form 990, an annual financial information form.

Hospitals are among such organizations, Lurie said. Others which do not fall in the protected category of "integrated auxiliaries" are colleges, children's homes, and homes for the aged.

Specifically designated in the protected category are seminaries, mission boards and soci ties, men's and women's organizations, and youth groups.

Parochial elementary and secondary schools may also enjoy such protection at the discretion of the secretary of the Treasury.

Lurie stated repeatedly that in making the regulation IRS had no intention of presuming to defin the mission of the churches, the charge which best sums up the churches' objections to the rule.

He did say, nevertheless, that IRS will probably have to come up with a working definition of "church" sometime in the future.

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Wood Charges IRS With  
Encroachment on Freedom

Baptist Press  
10/7/77

WASHINGTON (BP)--Definitions of "church" and the mission of the church by the Interna<sup>l</sup> Revenue Service (IRS) pose a grave threat to religious freedom, according to James E. Wood Jr., ex cutive director of the Baptist Joint Committee on Public Affairs.

Addressing the Joint Committee-sponsored conference on "Taxation and the Free Exercise of Religion" here, Wood said that current efforts of the IRS to define church and integrated auxiliaries of churches "pose a potential threat to all religious denominations which ar involved in the body politic by the removal of the tax exemption and of the tax deductibility of contributions" made to churches.

Wood sketched the history of the Internal Revenue Code's relation to churches since 1934. Most recently, he said, the IRS has issued regulations which "elminated the 'primary purpose' test and substituted in its place the test of whether the 'principal activity' of an organization or institution claiming to be an integrated auxiliary is 'exclusively religious.'"

This regulation "must be regarded as a serious encroachment of government on religion and an exercise of political authority totally unacceptable to the churches...The IRS has violated both the letter and the spirit of the First Amendment," Wood charged.

"The church has both a right and a responsibility to speak out on public affairs by virtue of its mission and the guarantees of the First Amendment," Wood asserted. "The present IRS policy...can only have a chilling and 'inhibiting' effect on the churches in the ar a of public affairs."

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Woman's Missionary Union,  
Announces Staff Changes

Baptist Press  
10/7/77

BIRMINGHAM (BP)--Woman's Missionary Union (WMU), auxiliary to Southern Baptist Convention, has named a new director for its editorial department, has added two new editors and two new field workers, and has transferred another editor.

Grace Marquez of Birmingham, Ala., was named editorial department director. She has served as editor of Spanish WMU materials published by the Southern Baptist Home Mission Board in cooperation with WMU. She formerly taught English and Spanish at Samford University and English as a foreign language at the National University of Mexico, Mexico City, and directed the English program for Colegio La Salle, Cordoba, Veracruz, Mexico.

She holds degrees from Samford University, University of North Carolina, and Int r-American University. Her husband, Francisco, is a television writer.

Lane Powell, also of Birmingham, is the new editor of Royal Service, WMU's top circulated monthly which has 319,186 women subscribers. Mrs. Powell received a bachelor of arts in journalism from Samford University and a master's degree in religious education from New Orleans Baptist Theological Seminary.

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Mrs. Powell has been a freelance public relations consultant and writer for 10 years. Prior to that she was news director for New Orleans Seminary and edited the alumni magazine. She is married to Robert Powell, chief chaplain of Baptist Medical Center--Montclair in Birmingham.

Oneta Gentry, who has edited Accent, the WMU monthly for girls in grades 7-12, since 1969, has transferred to edit general administration materials for WMU. She will edit Dimension, the flagship magazine for WMU leaders and church staff.

Pam Brown will assume the Accent editorship. Mrs. Brown, of Jasper, Ala., has been a junior high school English teacher for five years. She served in the summer of 1976 as a Home Mission Board summer student missionary assigned to WMU national office in Birmingham.

She also has served as an Alabama WMU girl's camp unit leader and as an associational Acteens director. She is a graduate of Jacksonville State University, Anniston, Ala. Her husband, Eddie, is minister of church programs at Northside Baptist Church, Jasper.

Jimmye Winter will become Mission Friends/Girls in Action consultant for WMU. Mrs. Winter came to WMU from Arlington, Tex., where she was director of childhood education for First Baptist Church. A frequent contributor to WMU publications and a national WMU conference leader, she served on the development team for WMU's TransCom publications for teaching the Bible to children with no church background.

A graduate of Dallas Baptist College, Mrs. Winter is serving her third term as secretary-treasurer of the Southwestern Baptist Religious Education Association. She is a former president of the Tarrant Religious Education Association and of the San Antonio Religious Education Association. Her husband, Charles is a Birmingham businessman.

At the retirement of Bernice Elliott on August 31, Helen Fling assumed the position of WMU promotion associate in new areas. She was appointed by the Home Mission Board but is directed by WMU in developing WMU work in newer Southern Baptist state conventions. She will also initiate a ministry to pastors' wives.

Mrs. Fling was president of the national WMU organization 1963-69 and of New York WMU 1971-76. Most recently she served with her pastor husband, Robert, in an English-language church in Munich, Germany, under special missionary assignment by the Foreign Mission Board. Mr. Fling formerly was a pastor in Oklahoma, Texas, and served as a home missionary in New York.

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(BP) Photos mailed to Baptist state papers by Woman's Missionary Union

'Activators' Plan Provides  
Missions for Teenage Girls

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Baptist Press  
10/7/77

BIRMINGHAM (BP)--High school-age girls can try their hand at real missionary work in a new program to be launched in November by Woman's Missionary Union (WMU), auxiliary to Southern Baptist Convention, in cooperation with state WMU offices and the Home Mission Board.

Called Acteens Activators, the plan provides opportunity for Acteens members, age 15 or older, to serve in mission situations alongside home missionaries on short-term missions projects. Acteens is the missions organization for girls in grades 7-12.

WMU will guarantee that Acteens Activators will have at least 50 hours of training for their assignments. The girls will be carefully screened, will work in small groups, will not place a strain on the field where they serve, and will be oriented for work, not tourism, according to Beverly Sutton of Birmingham, national Acteens consultant.

Aside from the age requirement of 15 and Acteens membership, an Activator applicant must be available for at least a week's assignment. There must be one adult sponsor for every five girls. Girls must be thoroughly trained in Bible study, mission action and direct evangelism, and in skills required for the assigned task, such as Vacation Bible School work. They must also participate in the follow-up program required by their state.

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Career home missionaries will request specific aid through the Home Mission Board, which will channel the request to state WMU offices through the national WMU office in Birmingham.

Basic information will be provided to Acteens through their magazine Accent. Acteens, as groups or individuals, will apply for the volunteer project to their state WMU office.

Each state WMU office will have its own criteria for matching applicants with jobs. State WMU staffs will train, commission, and debrief the volunteers.

In a pilot project during the summer of 1976, a group of Acteens from North Carolina's Randolph Baptist Association were selected for a week-long project at Baptist Fellowship House in New Orleans.

Led by associational Acteens leader, Billie Vuncannon, and Jolene Ivey, then state Acteens director, the nine girls worked with children using Bible stories and games, and featured puppet shows. Participants were trained in Vacation Bible School work and puppetry, as well as special instruction concerning the mission situation.

WRAPUP

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Baptist Press  
10/7/77

Clashing Views Aired At  
Conference On Taxation

By Barry Garrett

WASHINGTON (BP)--Conflicting ideas clashed often at the religious liberty conference on "Taxation and the Free Exercise of Religion" here.

Participants unanimously agreed that government should not restrict freedom of religion. But there were sharp differences about the effect and ultimate outcome of federal tax policy as implemented by the Internal Revenue Service (IRS).

A general feeling prevailed at the end of the conference that both government and "churches" had much more homework to do in working out tax policies relating to religion and religion-related agencies.

The conference, the 16th sponsored by the Baptist Joint Committee on Public Affairs, involved 144 participants, including high-ranking government officials, denominational executives, constitutional lawyers, pastors and laity.

Opened for the first time to representatives of other faiths, the conference attracted participants from seven national Baptist bodies, the National Council of Churches, Roman Catholics, Jews, Unitarians, Christian Scientists, Seventh-Day Adventists, Lutherans, Methodists, Mormons, Church of the Brethren, and Mennonites.

In discussing the IRS ruling on "integrated auxiliaries" of churches, Baptist Joint Committee executive director James E. Wood Jr. charged that this regulation "must be regarded as a serious encroachment of government on religion and an exercise of political authority totally unacceptable to the churches..." He said "the IRS has violated both the letter and the spirit of the First Amendment."

(Many groups have felt that the IRS regulation defining "integrated auxiliaries" resulted in a definition of the church and its mission by government. They feel that the nature and mission of the church or churches is out of bounds for government and should remain exclusively for the churches to decide.)

Later, Alvin D. Lurie, assistant commissioner of the IRS for employee plans and exempt organizations, in a policy level speech to the conference, denied that the rule infringes on separation of church and state. In fact, he said that the rule finally agreed upon by IRS came in response to the protests of the churches and that the IRS officials thought that the finalized rule would be acceptable to the churches.

Conference participants were unable to cross-examine Lurie on his views, because his appearance before the conference came with the understanding that he would not respond to questions from the audience. In a discussion period, however, Gary Nash, counsel for the Southern Baptist Annuity Board, wondered why IRS wrote the rule the way it did if indeed the intent was as Lurie explained.

Both Lurie and Laurence N. Woodworth, assistant secretary of the Treasury for tax policy, who spoke at the opening session, left the doors open for future negotiations with the churches for changes in the IRS rule to protect the freedom of religion from government interference.

Lurie said that all rules can be changed and that IRS will probably have to come up with a working definition of "church" sometime in the future. Woodworth suggested that the definition of "integrated auxiliary" could possibly be changed to some extent, although he did not specify how or what it would be. He did say that "I for one would be glad to look at your proposals...myself and give you a considered response."

In another clash of views, Dean M. Kelley, staff associate for religious and civil liberty of the National Council of Churches (NCC), and Hope Eastman, a Washington, D. C., attorney, took opposite sides on whether or not churches should be taxed. Eastman asserted that the special tax status of churches amounts to government aid to churches in violation of the U. S. Constitution. She cited a long number of Supreme Court cases beginning in 1947 with the Everson school bus case and said that there is more "establishment of religion" in the United States now than in 1947.

Kelley, who recently wrote a book, "Why Churches Should Not Be Taxed," denied Eastman's conclusions and argued that "religion is entitled to special civil treatment" because it performs a "special function" within society.

He proposed four criteria to determine for tax purposes what is a church: (1) It must explain the ultimate meaning of life for its adherents, (2) It must have a body of adherents (3) It must have continuity over time, and (4) It must have sufficient numbers to support it by voluntary contributions. Others in the conference, however, challenged these criteria, even though they agreed with Kelley that churches should not be taxed.

Perhaps the most surprising clash of ideas came when a noted Catholic constitutional lawyer, Father Charles M. Whelan, and an outstanding Jewish specialist in constitutional law, Leo Pfeffer, differed on whether or not churches should be taxed. Whelan, professor of law at Fordham University, has long championed public aid for parochial schools. Pfeffer, special counsel for the American Jewish Congress, has participated in many of the Supreme Court cases in recent years to prohibit tax aid to church schools.

Whelan said that churches should be tax exempt, and, much to the surprise of many at the conference, Pfeffer argued that churches should not be exempt from taxation. Both men agreed, however, that it is not the business of government to define the nature and mission of the churches.

Defending tax exemption for churches, Whelan asserted that recent moves by IRS to tax churches are not the result of hostility but rather they are bungling efforts by government bureaucrats who do not understand the problem of the churches. He suggested that the American churches should form a committee to come up with drafts of formulae that will be satisfactory to the churches and that will meet the requirements of the government.

Pfeffer asserted that if churches continue to insist on the right of tax exemption they must be willing to pay the price for it. He said that under present law, which he deplores, tax exemption as a special privilege would require them to abstain from attempts to influence legislation and only to preach on good and evil.

He further asserted that if churches are to be tax exempt, the limit of their tax exemption should be sufficient only to maintain a modest house of worship, but it should not be forfeited if they seek to influence legislation.

A conflict between the legislative and executive branches of government surfaced during a speech by U. S. Rep. Barber Conable (R.-N.Y.), ranking minority member of the Committee on Ways and Means of the House of Representatives. The congressman said he was unaware of the ruling by IRS on "integrated auxiliaries" that has proved so troublesome to the churches. He cited this as an example of bureaucratic treatment of legislation by Congress resulting in conclusions not intended by Congress.

Conable expressed willingness to work with church groups to introduce legislation repealing the 1969 legislation relating to "integrated auxiliaries." "I enjoy an occasional opportunity to kick (the) Treasury (Department) in the face," he said.

John W. Baker, director of research services for the Baptist Joint Committee on Public Affairs, in an address on "Hierarchical and Congregational Churches," charged government with "inequality of treatment" because of failure to understand the nature of congregational church polity.

Baker described three classes of churches: hierarchical, quasi-hierarchical and congregational. Most tax regulations, he said, fail to take into consideration the differences between these churches and thus they discriminate against religious groups in all three classes. He suggested an educational program both for churches and government to understand the differences in church structures and the effect these have on tax policies.

In a summary statement on the conference, Wood pointed out that it had resulted in better understanding by churches of some of the problems faced by taxing authorities and a sharper awareness by government officials of the problems faced by churches when tax policies are formulated. He said that although final answers to the problems had not been reached, both the churches and government are in a better position to work together to resolve some of the more difficult problems relating to churches and taxation.

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#### CORRECTION

In Baptist Press story mailed 10/5/77, entitled "Catholic, Jewish Lawyers Clash at Baptist Meet," kill the last two graphs beginning, "He pointed out that..." and "If there is to be taxation...", and replace them with the following:

Pfeffer pointed out that churches must pay a price for tax exemption if they are determined to have it. He said that under present law, which he deplors, churches must abstain from influencing legislation. Unfortunately, he continued, under present law they must only preach on good and evil.

If there is to be a tax exemption, he added, the limit of its tax exemption should be sufficient only to maintain a modest house of worship, but its tax exemption should not be forfeited if it seeks to influence legislation.