

The Bible in One Hand,

A look at new IRS regulations on churches and politics | **Rob Hall**

People who believe God is central to their lives may not easily be persuaded to cast God aside when they happen to step into the realm of politics.

Stephen L. Carter
God's Name in Vain

About a week before the 2004 presidential election, All Saints Church, an Episcopal congregation in Pasadena, California, invited former pastor George Regas to preach. Regas's sermon featured a hypothetical debate between Jesus and presidential candidates George Bush and John Kerry. While Regas did not endorse either candidate, he argued that Jesus would have objected to President Bush's policies in Iraq.

A few days later, the *LA Times* ran a story about the sermon that caught the attention of the IRS. Concerned about the increasing role of churches in American politics, the IRS had been watching for violations of tax-exempt laws. In exchange for churches' tax-exempt status, the IRS restricts the political activities of churches and other similar nonprofits, known as 501(c)(3) organizations.

By the summer of 2005, the IRS informed All Saints that its tax-exempt status was in jeopardy.

All Saints was one of forty-seven

churches that were investigated for alleged violations during the 2004 election. Those violations included:

- distributing printed materials that encouraged voting for a particular candidate;
- endorsing (or opposing) a candidate from the pulpit;
- endorsing (or opposing) a candidate on the church website;
- disseminating voter guides that encouraged readers to vote for a particular candidate;
- placing candidate signs on church property;
- giving preferential treatment to a candidate by permitting him or her to speak at the church;
- making cash contributions to a candidate's political campaign.

Earlier this year, the IRS announced plans to increase monitoring of churches involved in politics through the Political Activity Compliance Initiative (PACI).

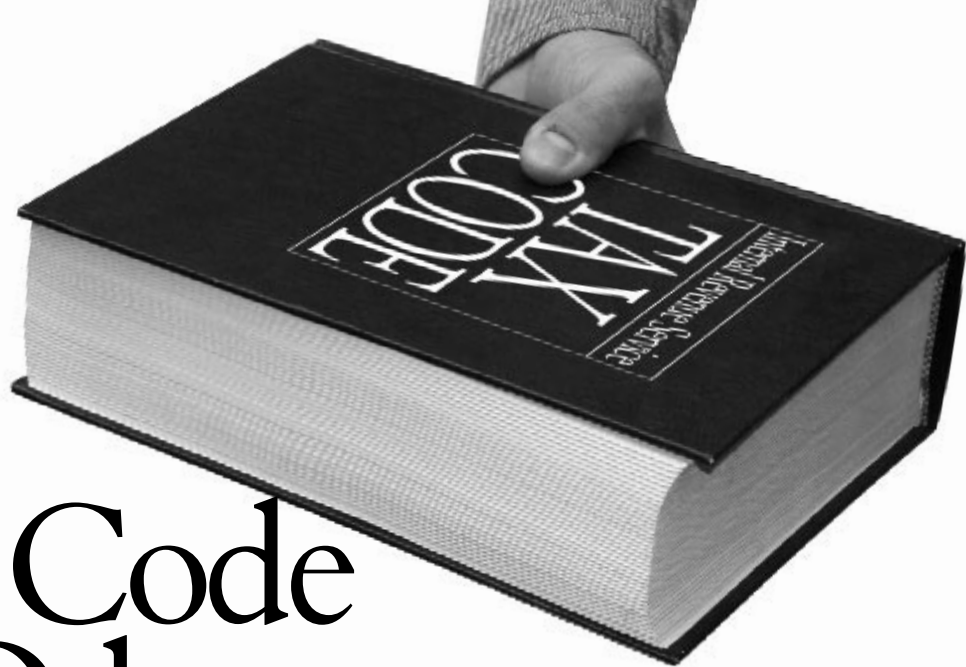
"While the vast majority of charities and churches do not engage in politicking, an increasing number did take part in prohibited activities in the 2004 election cycle," IRS commissioner Mark Everson said in a press release. "The rule against political campaign intervention by charities and churches is long established. We are stepping up our efforts to enforce it."

According to the IRS, churches, as 501(c)(3) organizations, are "absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. The prohibition applies to all campaigns including campaigns at the federal, state, and local level."

This new initiative has led to additional allegations being made against churches. This past summer, the Missouri Catholic Conference and Calvary Temple Church in Kerrville, Texas, were accused of violating election law. And a planned voter registration by Focus on the Family has also raised questions about possible illegal activity.

All Saints has objected to the IRS's action. The church and its lawyers have pointed out that Regas made it clear he was not endorsing any candidate. In a sermon entitled "The IRS Goes to Church," All Saints pastor Edwin Bacon noted that Regas said that "good people of deep faith would be voting for President Bush and good people of deep faith would be voting for Senator Kerry."

Bacon also said that Regas's sermon is exactly the type of political speech that churches should be engaged in. Churches should not be partisan, Bacon said in his sermon, but they must "bring the core values of our faith to



the Tax Code in the Other

bear on the institutions and culture around us, remembering that faith without works is dead and that we are called to be doers of the word not hearers only.”

The IRS tax code does allow churches to speak out on issues of public interest as long “as a substantial part of the organization’s activities is not intended to influence legislation.”

As part of the PACI, the IRS has issued a fact sheet designed to guide churches through the 2006 campaign season (www.irs.gov/charities/churches/index.html).

However, some fear that the IRS enforcement program will have a chilling effect on free speech. OMB Watch, a nonprofit Washington watch-dog group, worries that the new IRS rules will be used to harass organizations that are active in the political process during the 2006 elections. A recent OMB Watch report contains a number of recommendations to make the PACI more effective. Those recommendations ask the IRS to clearly define “partisan activities.”

“I don’t think this is a case of bad faith. I just think it’s a poorly structured program,” said Kay Guinane who authored the OMB Watch report.

The report has caught the attention of some legislators. California congressman Adam Schiff told the *LA*

Times he was concerned about protecting the free speech rights of clergy.

“I think the guidelines are so ambiguous and unclear, anyone standing behind the pulpit has to be wondering what they can say on the most important issues of the day,” Schiff told the *Times*.

Jim Rice, editor of *Sojourners* magazine, says that pastors and churches that want to speak out about political issues need to do so with “the Bible in one hand and the IRS code in the other.”

“Churches have to be savvy,” Rice says. They have to be aware of the new regulation, but not “distance themselves from public debate out of fear.”

The IRS offers several helpful resources for churches. Most are available at the IRS website (www.irs.gov). Two of the most helpful guides are “February 2006 Election Year Activities and the Prohibition on Political Campaign Intervention for Section 501(c)(3) Organizations” and the “Tax Guide for Churches and Religious Organizations” (www.irs.gov/pub/irs-pdf/p1828.pdf).

In general a church can legally do the following:

- 1) Conduct voter education, voter registration drives, or get out the vote campaigns that do not favor or oppose one candidate.
- 2) Allow a political candidate to

speak, as long as the church provides equal opportunity to the other candidate and does not indicate support or opposition of any candidate.

3) Make a statement on issues that are a part of a political campaign provided the communication does not expressly or implicitly encourage voting for or against a specific candidate.

4) Put out a voter guide on the church’s website that provides, in a neutral basis, links to each candidate’s website.

These IRS regulations do not apply to individual church members. But when they make political comments and are identified as church members, they should make it clear that their comments are personal and do not represent the views of the church. By using common sense and acting in a nonpartisan way, churches can be a voice on the important issues that affect our political and spiritual lives.

The sermon at All Saints Church continues to get national attention. The church’s run-in with the IRS has been featured in the *Wall Street Journal*, CBS News, and other national media. So far, the IRS has not made a final decision on whether or not the church violated the law. □

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