



TAX REFORM: A CAUSE FOR CHRISTIAN ACTION

A statement adopted by the Fifth General Convention
of The American Lutheran Church, October 1970

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(Adopted by the Fifth General Convention of The American Lutheran Church, October 21-27, 1970, "as a statement of issues for the general information of the church membership and as an aid in the discussions seeking an informed solution to a difficult problem of contemporary life and society.")

1. Taxes inescapably, by obligation and by desire, are a concern of the Christian. Paying taxes is listed in the Bible as a Christian's duty toward his government. A good government must be just and must foster conditions assuring the well-being of all the people subject to its rule. Taxes are a means to this end. They determine who shall bear, and who shall be excused from bearing, the costs of government. Taxes provide an impersonal means for channeling the obligations of neighbor to neighbor. Tax policies give opportunity for the strong to exploit the weak, or for the poor to exploit the rich. Tax policies reflect decisions as to where priorities ought to be placed. They shape the manner and the direction in which public resources will be used.

2. The inequalities, inequities, and injustices which America's systems of taxation impose cry out for correction. If we who are Christians ignore the situation, we are like the priest and Levite who passed by on the other side of the road. If we are quiet when wrong is done to the poor, the weak, the lowly, or even to our enemy, we desert our Lord's cause. The cry of Psalm 82, "How long will you judge unjustly and show partiality . . ." hits us, as does its charge to "rescue the weak and the needy." Taxes can be an avenue of partiality, unjust and harsh, or an avenue for assisting and relieving distress.

3. Among the many values our systems of taxation need to safeguard is that of the freedom of voluntary enterprise responsibly to fulfill socially acceptable goals. Tax policies need to keep the economy strong, viable, socially responsible, and capable of accomplishing constructive purposes which contribute to the health of the entire community. Taxes ought never so impoverish either the strong or the weak that they thwart incentive or deny opportunity to do needful things outside the structures of government. Neither ought tax policies place the innocent or the ill-informed but erring taxpayer under the threatening duress of some modern publican. Every taxpayer should be protected in his right to challenge the taxing authorities, and if vindicated to have the costs of the case borne by the agency which erred against him.

4. We agree that a good tax structure should be simple, workable, and equitable. It should be one in which the public has confidence (a) that it is just, (b) that all persons share in relation to their wealth and resources, (c) that provision is made to excuse from or to reduce taxes to persons in disadvantaged or burdensome situations, and (d) that it fosters and advances sound social goals for which there is strong public support. It should not be so confiscatory that it removes incentives or denies all opportunity for risk-taking or other discretionary uses of the taxpayer's resources.

5. A tax on income, progressive in ratio to a reasonable maximum but with provision for reduction because of unusual or disadvantaging circumstances, appears to be the necessary core of any modern tax system. General sales taxes, unless exemptions are built into the tax provisions, weigh unduly heavy upon the poor, since virtually all of their income is spent in consumer channels. Excise taxes can be levied selectively, and thus can be either proportional to the use of the taxed item or reflective of presumed ability to pay. The general property tax on real estate is inflexible and over-worked, and on personal property or intangibles is difficult to enforce. Nevertheless, some sort of equitable balance among these major forms of taxation appears to be a political necessity. Also necessary is some system for sharing the more efficiently obtained and more equitably derived revenues of larger units of government with smaller units, especially those whose financial resources are limited. Tax reform in the interests of justice, equity, and effectiveness is as essential at the state and local levels as at the federal level of government.

6. Tax loopholes — unintended openings for tax avoidance, or intended openings to encourage activities which have outlived their usefulness — need to be closed. Loopholes generally serve to transfer a portion of the tax load from the strong and powerful to the weak and defenseless. As such, a loophole is unjust and inequitable. We see possible loopholes in the areas of capital gains, tax-free investments in state and local bonds, unlimited charitable deductions, housing allowance for clergy, depletion and depreciation allowances, hobby-farming, the freedoms of the foundations, and non-related business activities conducted by various voluntary not-for-profit organizations, to identify but a few areas requiring scrutiny and possible corrective action. We trust that the corrective action will be sensitive and precise, using a surgical knife and thread rather than a meat axe and rope.

7. The tax status of churches and of religious organizations inevitably is a question which enters any discussion of tax loopholes. The delicate issue of church-state relations, in relation to the constitutionally-safeguarded freedom of religion, is at stake. Nevertheless, as a general observation we believe that churches and religious organizations should receive no more, and no less, favored tax treatment than do voluntary associations organized and operated for charitable, scientific, literary, or educational purposes. As an integral portion of America's pattern of voluntary organizations formed for constructive social purposes, organized religion shares with its kindred not-for-profit neighbors the need for government's benign encouragement.

8. We agree that churches owning real properties and conducting businesses not exclusively and solely essential to their religious, charitable, or educational ministry ought to be subject to tax laws and policies equally applicable to those governing profit-seeking individuals, partnerships, and corporations. We suggest that churches should expect to bear equitable taxation upon their parsonages and other dwelling or residential units in which their staff members reside. We hold firmly to the position that tax exemption of church buildings owned and used directly and solely for worship, educational, and charitable purposes is a sound exercise of public policy. Churches should expect to pay service charges to the municipality for specific services provided the church.

9. Taxes are too important an issue to be left solely to legislators and administrators. Tax policies deserve the attention of the public in general and of Christians in particular. Tax systems of course are complex. Yet, taxes are tools of social control, to raise and redistribute income and to apply social force. Key, critical, probing questions need to be raised about their goals and the means for reaching those goals. What does a particular tax — or tax exemption — do to the total structure of society? Is a particular tax, or exemption from tax, the best way to achieve the agreed-upon purposes? Where, and how far, do we want our social policies and purposes to move us? What are the underlying motives and rationale for supporting or for opposing a particular tax or tax exemption? Who is ready to speak for tax reform when he presently enjoys preferential benefits? Will the ease of obtaining taxes contribute to governmental overexpansion and perpetuate governmental inefficiencies?

10. Answers to these questions we cannot give as a corporate church. By raising them we indicate our conviction that taxes are a Christian concern, far broader than a merely economic issue. We express our desire that Christians join vigorously in the discussions seeking tax reform. We believe that in the interests of justice and equity, of opportunity and of responsibility, tax reform indeed is a cause for Christian action. As we understand it, the obligation to pay taxes (see for example Romans 13:6-7 or Luke 20:22-25) is closely related to the obligation of government to be just, fair, equitable, impartial, and discerning in its decisions of how to use its power to advance whatever is good and to curb whatever is evil. A sound tax policy is advantageous to both church and state.

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