



ALL SAINTS CHURCH

PRESS RELEASE

FOR IMMEDIATE RELEASE:

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All Saints Church Questions IRS's Compliance with Procedural Safeguards Intended to Protect Churches from Unnecessary Audits

All Saints Church of Pasadena, California, sent a letter via counsel to the Internal Revenue Service on December 13, questioning the agency's compliance with certain procedural safeguards set forth in the Internal Revenue Code to protect churches from unnecessary audits. The letter emphasized that attention to the procedural details in this case is critical to enforcing the legislative intent of certain tax law provisions. All Saints Church maintains that these tax law provisions which ensure that the government does not excessively intrude into the affairs of churches were not followed in this case.

Marcus S. Owens, lead counsel for All Saints Church, said, "These procedural flaws are of great importance in the All Saints case because we don't believe the IRS has articulated a sufficient explanation of the basis for its 'reasonable belief' that the Church engaged in political campaign intervention." Owens noted that the June 9, 2005 letter which initiated the IRS's inquiry seemed to place more emphasis on a journalist's description of the Rev. George Regas's guest sermon than it did on analysis of the actual text of the sermon.

"Because it is unclear who made the Congressionally-mandated threshold determination to initiate the inquiry, and on what basis the required 'reasonable belief' was formed, we have asked the IRS to revisit the initial determination at the appropriate high level and reconsider whether a church tax inquiry was warranted in this case."

The Rev. J. Edwin Bacon, Jr., rector of All Saints Church, said, "It has been difficult to understand why the IRS would investigate a church which has been consistently careful over the years to refrain from campaign intervention while at the same time unapologetically critiquing any governmental policies out of line with Jesus and the prophets. The correspondence from the IRS isn't clear as to whether the IRS analyzed any of the facts that weigh in the other direction here -- for example, that the preacher explicitly stated that he would not tell the congregation how to vote, acknowledging that 'good people of profound faith' could choose either candidate. He

also clearly criticized both candidates, and compellingly proclaimed the core values of peacemaking and advocacy for the poor – values that are hardly partisan.”

The IRS’s own guide for churches, Publication No. 1828, notes that church leaders are not “prohibited from speaking out about important issues of public policy.” Owens said, “This clearly suggests that a pastor might discuss the Biblical exhortation ‘thou shalt not kill’ and the present war in Iraq without adverse tax consequences.”

Owens also observed that the IRS’s apparent position—that critique of policies amounts to campaign intervention—does not seem to be widely held or consistently enforced. He provided several examples of election-season statements by institutions far more prominent than All Saints Church—some of which were posted in Washington, D.C., blocks away from the IRS.

All Saints Church was initially notified by the IRS on June 9, 2005 that the church would be investigated for prohibited “campaign intervention” based on a November 1, 2004 Los Angeles Times article about a sermon delivered by a guest preacher on the previous day. The IRS then said that in its view, the sermon criticized Bush Administration policies, constituting intervention in a political campaign.

FOR MORE INFORMATION:

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