

Pastor Housing Allowance on Thin Ice

✖ When pastoral scandals hit the mainstream news, often the first item cited as evidence that a minister is misusing his or her position is the housing allowance tax break that allows pastors to deduct housing expenses from their income. Sometimes the pastor in question will claim his entire salary as housing allowance. For others, its the sheer size of the allowance that raises suspicion.

At the request of Senator Charles Grassley, the Evangelical Council for Financial Accountability (ECFA) will lead the independent commission to investigate and offer recommendations to lawmakers on a list of eight issues related to ministry ethics and finances. Housing allowances are near the top of the list.

A 2009 lawsuit filed in California by the Freedom from Religion Foundation argued the housing allowance tax benefit violates the Constitution's Establishment Clause. A government request to dismiss the case was rejected in 2010, allowing it to proceed to trial. Experts like Richard R. Hammar, an attorney and senior editor of the *Church Law & Tax Report*, are concerned that its outcome may spell the demise of the benefit.