Tennessee Pentecostal Church in Tax Exemption Legal Battle

A lawsuit is challenging Davidson County's refusal to rescind a property tax assessed on a local church. Apparently oblivious that churches across the nation have used book and athletic facilities to minister to their communities for decades, officials levied a partial property tax on Christ Church Pentecostal's bookstore and gymnasium under the argument that they are not an integral part of the church's ministry.

"Churches shouldn't be treated differently than other entities in Tennessee—such as college bookstores, family wellness centers and hospital gift shops—that are tax exempt by law," says Alliance Defense Fund Senior Legal Counsel Erik Stanley. "It's a widely known fact that churches across America effectively use facilities such as gyms and bookstores for clear, religious purposes and are exempt from property taxes just like other organizations that serve the community—often at a loss. The bookstore at the church actually loses money every year because of their desire for people to have materials even in needy situations. Neither the bookstore nor the gym are operated for any other reason than ministry and outreach to the community."

In March 2007, the Davidson County Assessor denied Christ Church Pentecostal's total tax exemption for its bookstore and gym. An administrative law judge upheld the decision in November 2009, but granted the gym a 50 percent exemption. ADF attorneys appealed, arguing that the ruling conflicted with the church's constitutionally protected rights, Tennessee Supreme Court precedent and state statutes. The Assessment Appeals Commission upheld the judge's ruling in October, and ADF attorneys appealed that decision to the Chancery Court, where ADF attorneys filed an initial brief in April and a reply brief in August.

“Tax exemptions for churches are vitally important because it doesn’t make sense to penalize organizations that help serve the community and don’t exist for profit—and that’s certainly true with this church,” Stanley explains. “The taxing authorities in this case determined that the facilities were not integral to a religious purpose of the church, but the government is ill-equipped to determine what is and what isn’t a legitimate religious use. That’s why it shouldn’t be delving into church affairs. Doing so violates the constitutionally protected rights of the church.”