

Texas Churches Vindicated with Agreement Reached in Discrimination Suit

Attorneys with First Liberty Institute and the law firm Baker Botts representing churches in Magnolia, Texas announced that the City of Magnolia, Texas, has approved an agreement requiring the city to reclassify its water rate structure and treat “all religious organizations, religious nonprofits, churches, or houses of worship” equally with commercial businesses.

In exchange, the churches represented in the petition, Magnolia Bible Church, Magnolia’s First Baptist Church, and Believers Fellowship, have agreed to dismiss their lawsuit challenging the constitutionality of the city’s existing water rate scheme.

“Churches and nonprofits provide a multitude of services to their communities, particularly for the most vulnerable,” said Aaron Streett, Partner at Baker Botts, “This joint agreement will allow both the city and all the religious organizations of Magnolia to build a stronger community.”

“We are grateful that churches and all religious organizations in Magnolia will now be treated equally along with area businesses by the City of Magnolia,” said Dr. Steve Burrell, Senior Pastor of Magnolia Bible Church. “We are eager to work with the City Council to continue to improve the lives of our friends and neighbors.”

In June of 2017, pastors in Magnolia, Texas, reported that their water/sewer bills doubled or tripled in one month, with no increase in usage.

A brief investigation by Texas Pastor Council revealed that

the City of Magnolia had created a new category of rates called “Institutional” which charged churches, schools and nonprofits 30 to 70 percent higher rates than the commercial rates they had historically paid. Most shocking was that the city admitted they had done so to offset the taxes they weren’t receiving because of the property tax exemption granted by the State of Texas to these entities.

Texas Pastor Council organized pastors in the city, confronted the city council, and appealed to have the discriminatory rates reversed, but the city council refused to budge. TXPC contacted First Liberty, one of the nation’s largest religious liberty public interest legal firms that is based in Texas, that agreed to represent three of the churches (Magnolia’s First Baptist, Magnolia Bible Church and Believer’s Fellowship) as plaintiffs representing all churches in a lawsuit against Magnolia.

TXPC also worked with Senator Brandon Creighton and Representative Cecil Bell to file legislation in the 2019 and 2021 Texas legislative sessions to protect churches statewide against this type of effort to go around the property tax exemptions for churches. Unfortunately, the Senate bills passed but both died in a House committee led by Democrat Tracy King after he refused to allow a vote. {eo}

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