

■ by Jonathan A. Ruybalid

Defining Tax Exemption

A recent court ruling highlights the unique nature of tax-exempt status that so many member camps and conference centers enjoy.

The case titled *Donna Buettner-Hartsoe v. Baltimore Lutheran High School Association* (“Buettner”), involved a claim of sexual harassment by three former students at a private school. The claim was made under Title IX for the bad conduct. There was good reason for the students to pursue a Title IX claim. Title IX regulations provide for additional and enhanced procedures for schools and protections for those asserting claims as victims.

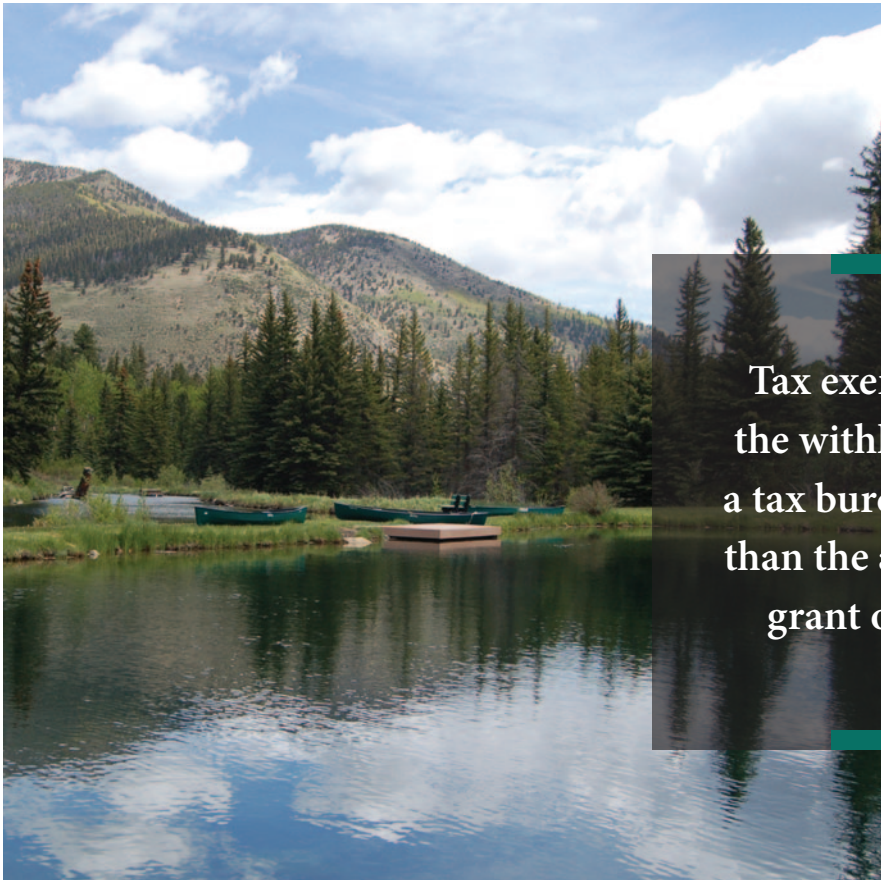
Title IX applies in this context if the school receives federal financial assistance. Baltimore Lutheran High School did not take federal financial aid or receive any funds from the federal government. Despite this fact, the federal district court judge ruled that the school was subject to Title IX nondiscrimination requirements as the IRS’ recognition and granting of 501(c)(3) status to the school was a government subsidy and fell within the meaning of “federal financial assistance.”

This was a dangerous ruling if nonprofit religious ministries were going to start finding themselves subject to federal rules that were previously tied to when you receive funding from the government. The school appealed.

On appeal, the Fourth Circuit Court of Appeals ruled that the district court was wrong and that the school’s 501(c)(3) status alone does not constitute federal financial assistance. The court looked at the plain meaning of words such

as “receive” and identified that it means to “take” or “accept” or “come into possession.” Also, “financial” means “monetary receipts and expenditures.” So, the school was not receiving funds or monetary transfers from the federal government.

The court also identified that “tax exemption” is not a transfer of public monies to an organization, so it is not identical



Tax exemption is the withholding of a tax burden, rather than the affirmative grant of funds.

*It is not a
government subsidy*

to a “subsidy.” Tax exemption is the withholding of a tax burden, rather than the affirmative grant of funds. The court also described how neither tax exemption nor deductibility for donors is not an indirect grant. While tax exemption provides an economic benefit, it is not the same as getting the funds directly, which is what Title IX describes.

It is important for camps and conference centers to bear this decision in mind as we talk about and protect 501(c)(3) tax-exempt status. The government recognized the benefit that religious ministries and other charitable organizations provide to society and our citizens and the value of recognizing that by relieving a tax burden.

In a Supreme Court decision (*Walz*) involving property tax exemptions, the Court described that 501(c)(3) organizations provide “beneficial and stabilizing influences in community life.” Further, it does allow more funds to be used for charitable, religious, and educational efforts. And, for religious organizations there is an acknowledgment of avoiding excessive entanglement by the government in faith-based affairs of the church.

This case emphasizes the importance of how camps and conference centers view and speak about tax exemption. It is not a subsidy or a use of the government’s money. Tax-exempt status is an acknowledgment of who you are, the important role charitable and religious organizations play in society, and uniquely for religious organizations, their Constitutional protections. ■



Jonathan A. Ruybalid, CCCA's legal counsel, has represented U.S. and overseas nonprofits for more than 25 years. He has also served as a board member and general counsel for Forest Springs Ministries and Camp Forest Springs. Email him at jrlaw15@gmail.com.

Family Owned & Operated since 1924





**Bedding by
BOURDONS**

CHRISTIAN CAMP & CONFERENCE ASSOCIATION
BUSINESS MEMBER

www.bourdons.com

1-800-231-5468 sales@bourdons.com

Read InSite Online!

Visit www.ccca.org and log in to My CCCA.



advertisers index

■ Advertiser	Web Address	Page
American Bedding Manufacturing	www.americanbeddingmfg.com	59
Bourdons	www.bourdons.com	65
CampWise	www.campwise.com	2
Church Mutual	www.churchmutual.com/insite	67
Commercial Recreation Specialists	www.crs4rec.com	55
ESS Universal	www.heavydutybunkbeds.com	51
iCampPro	www.icamppro.com	11
Pilot Rock	www.pilotrock.com	63
UltraCamp	www.ultracamp.com	68