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## Texas voters to consider church taxation measure

**By Ken Camp**

*Texas Baptist Communications*

The tax exemption for church-owned property that is leased to a private school or held for future relocation could be extended if voters approve Proposition 3 on Sept. 13.

If approved, Proposition 3 would authorize the Texas Legislature to exempt from ad valorem taxes for six years any property owned by a religious organization that is leased for educational purposes or owned for future expansion.

The tax exemption would not extend to any church-owned property that produces revenue for the congregation. To curb potential abuses, a church would have to pay penalties and back taxes if it sold exempt property.

According to a voters' guide produced by the League of Women Voters, "Religious organizations are currently exempt from ad valorem taxes on their places of worship, adjoining parking lots and property owned for the purpose of housing clergy."

Local tax districts may assess taxes on property that a church buys for expansion. Currently, the tax code allows only a three-year tax abatement

for churches to develop unused land. Tax districts are empowered to decide how much of a church's land is unused and to assess tax value at a cost per square foot.

During the 78th Texas Legislature, Rep. Bill Zedler, R-Fort Worth, introduced a bill that would have exempted all church property contiguous to existing worship space.

The bill was filed in response to issues raised by Christ Lutheran Church of Fort Worth. The church bought 13 acres in the mid-1990s for expansion, but it was not able financially to develop the entire property in three years. Consequently, the small congregation paid more than \$25,000 in ad valorem taxes in 1998, 1999 and 2000, according to Pastor Randy Bard.

Both the Texas House and Senate approved a conference committee substitute bill that expanded the tax abatement for church-owned property from three years to six years. Gov. Rick Perry signed the bill June 20, but it is contingent upon approval of Proposition 3 by voters statewide.

Proponents of the constitutional amendment argue the current system places an unfair burden on churches. Opponents say it would deprive cities, counties and school districts of property tax revenue and create an advantage for private schools over public education.

Both the Dallas Morning News and the Houston Chronicle took editorial positions in opposition to Proposition 3. The Dallas newspaper said the constitutional amendment "could lead to an ecclesiastical land rush," and the Houston paper called the proposition "overly broad" and "unfair."

But Suzii Paynter, director of citizenship and public policy with the Baptist General Convention of Texas Christian Life Commission, offered support for the proposition. "The property tax system in Texas is broken. Adding further burden to church property makes it more broken."

Paynter maintained the value churches bring to communities in terms of services provided exceeds the value of tax exemption. She noted a study by Ram Cnaan, director of the Program for Organized Religion and Social Work at the University of Pennsylvania, supporting that view.

Voters on Sept. 13 also will rule on Proposition 12, authorizing the legislature to set limits on non-economic damages in lawsuits against doctors and health-care providers.

A “yes” vote would validate HB 4 from the 78th legislative session, which set non-economic damage caps of \$250,000 per health-care provider and \$500,000 per facility in any single medical malpractice suit.

Advocates of Proposition 12—including leaders of Baylor Health Care System—maintain the constitutional amendment will help reduce health costs and allow doctors, hospitals and nursing homes to continue serving patients. They argue that failure to place reasonable limits on non-economic damages has caused liability insurance premiums to escalate and forced health-care providers to reduce or eliminate services.

Opponents of Proposition 12 say placing a cap on non-economic damages would unfairly limit a patient's right to legal redress, particularly in the case of non-wage earners such as children, homemakers, the elderly and the disabled.

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