

2024 LEGAL UPDATE



CHURCH AND
MINISTRY LAW





Granddaughters Last Year



Free Money!!



- **Paradise Valley United Methodist Church**

- **Kristin Mikels**
Director of Kids and
Family Ministries



- **FEMA: Nonprofit Security Grant Program**

How?

What?

When?


How Much?

Reimbursement or Grant?

Arizona Department of Homeland Security

- **Nonprofit Security Grant Program (NSGP)**
- **FY2024/2025 State of Arizona** Closed
- The application period for the 2024 State of Arizona NSGP grant program is now closed.
- **AZ-NSGP Application Deadline:**
- **Tuesday, September 10, 2024**

Coming to Your Church Campus??



**Emergency protest
2/24/24 @ 4450 E. Elliott
RD Gilbert, Arizona
against these racist white
bigots**

FREE PALESTINE

**Lacy
Cooper,
Esq.**

**How to prepare for an
Adverse Media Event?**

Handout

**Real Life LOCAL
Example**

- **FOR IMMEDIATE RELEASE**

- January 19, 2024
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- **XX Christian School's Statement Regarding John Smith**

- **GLENDALE** – Yesterday, a former employee of XX Christian School, John Smith was detained by the Glendale Police Department for possible felony offenses involving misconduct with a minor.

The wellbeing of students is our top priority. Therefore, we request that the privacy of its students and families be respected, especially those who have been most affected by these events.

Upon hearing of the allegation concerning Mr. Smith, we immediately reported the information to law enforcement and removed him from the campus.

Since that time, we have fully cooperated with the Glendale Police Department and honored their requests concerning its investigation.

We would like to express gratitude and appreciation for the diligence and professionalism displayed by the detectives at the Glendale Police Department during the course of its investigation.

TIPS

- **SHORT**
- **DON'T JUSTIFY OR EXPLAIN**
- **DON'T REPEAT DETAILS**
- **DON'T USE THE CHURCH/SCHOOL NAME MORE THAN ONCE**
- **PRAISE THE POLICE**
- **LEAVE A POSITIVE “FEELING” WITH YOUR WORDS**

SUGGESTIONS FOR PRAYER

- **WHENEVER POSSIBLE, SAY NOTHING!**
- **Do NOT intentionally and unnecessarily generate NEGATIVE emotional reactions to your church or school!**

SAFETY & SECURITY TEAM

Christ Taylor,
Executive Director



Prepare. Prevent. Respond. Recover.

Reasons to Join the Arizona Church Security Network (AZCSN)





CHURCH AND
MINISTRY LAW



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Current Legal and Legislative Issues for Churches & Ministries

Church and Ministry Seminar – October 22, 2024

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1. Title IX & Tax-Exempt Status.

- Federal District Court Cases: *Valley Christian High (CA)*; *Baltimore Lutheran High School (MD)*. EO Status – Federal Financial Assistance for Title IX.
- *Chen v. Hillsdale College*, (W.D. Mich., filed Oct. 25, 2023).
- Federal Court of Appeals, 4th Circuit, *Donna Buettner-Hartsoe v. Baltimore Lutheran High School Assoc. (MD)*.
- Safeguarding Charity Act. H.R. 7027.

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1. Title IX & Tax-Exempt Status, cont.

Text of H.R. 7027, Safeguarding Charity Act

118TH CONGRESS, 2D SESSION IN THE HOUSE OF REPRESENTATIVES Mr. [GREGORY] STEUBE [R-Fla.] introduced the following bill; which was referred to the Committee on January 17, 2024.

SEC. 9. FEDERAL FINANCIAL ASSISTANCE.

In the case of any organization described in subsection (c) or (d) of section 501 of the Internal Revenue Code of 1986 or any organization described in section 401(a) of such Code, for purposes of any Federal law, rule, or regulation, unless explicitly provided otherwise, the term 'Federal financial assistance,' or any other term referring to assistance provided by the Federal government, shall not include any exemption from Federal income tax.

(c) RULE OF CONSTRUCTION. — Nothing in this section or the amendments made by this section shall be construed to imply that an exemption from Federal income taxes under section 501(a) of the Internal Revenue Code of 1986 constituted assistance from the Federal government for periods before the date of the enactment of this Act.

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2. Review of Corporation's Documents.

- Articles of Incorporation – 501(c)(3) language
- Bylaws; Language = Practice.
- Website
- Mission Statement: Activities
- Trade Names.

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3. Lessons in Property Tax Exemption Challenges.

Woodside Bible Church v. Township of Forrester

■ “What was actual use of the property?”

■ **“Petitioner’s apparent position is that everything it does furthers its mission, and thus must be considered either religious services or the teaching of its religious beliefs.”**

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4. *Catholic Charities Bureau Inc. et al v. State of Wisconsin (On Petition to US Supreme Court)*

- Unemployment Tax Church Exemption.(FUTA & WI State)
- “operated primarily for religious purpose?”
- Wisconsin = are activities “typical” religion or “objectively religious?” (AR; CO; MD; WI)
- Others: “sincerity of religious beliefs”(ID; IA; ME; MA)
- Wisconsin court: “Not typical religious activities” and “employ non-Catholics, “no attempt to imbue participants with Catholic faith,” and “services to poor could be done by secular organizations.”

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5. *God's Storehouse Topeka Church v. U.S.*

- Richard/Pennie Kloos started in 2009/incorporated KS NP in 2010; self-declared as church.
- Operate thrift store with coffee shop for patrons (at cost).
- Kloos' wages as pastors; no employ tax withholding.
- IRS Launches Church tax inquiry; TEGE tax commissioner signs off (no "regional commissioner or higher-ranking Treasury"). Sec. 7611 *Church Audit Pr Act*
- Subpoena to Kaw Valley Bank. Sec. 7609
- Lost on appeal (3rd party not subject to 7611)
- Issues: 1) UBIT; 2) Political activity; 3) What is a minister? 4) What is a church?

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6. Political and Legislative Activity.

- | | |
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| <ul style="list-style-type: none"> • Lobbying Activity by Nonprofit IRC 501(c)(3) Tax-Exempt Organizations. • "Lobbying" = support or opposition to legislation. • Insubstantial amount allowed | <ul style="list-style-type: none"> • Political Activity by Nonprofit IRC 501(c)(3) Tax-Exempt Organizations. • "Political activity" = support or opposition to candidate for office. • Activity prohibited. |
|--|--|

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7. Charitable Giving Act Legislation.

- CARES Act provided for \$300 (\$600) charitable contribution deduction for those who take standard deduction. (Expired)
- Giving Act, HR 3435, S. 566, extends and expands charitable deduction to 1/3 of standard deduction (e.g. approx. \$4,500 individuals (\$9,000 MFJ))
- See Congress.gov and contact Congressional representatives. 2026 Great Tax Sunset.

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8. Clergy Act: Opt Back into Social Security.

- Clergy can opt out of social security. Historically irreversible. Separate matter from housing allowance.
- 2017 Tax Act: Can apply for reinstatement consideration if originally for economic reasons.
- Clergy Act would allow window of opportunity to opt back in. House-Ways-Means Cmte. = unanimous.

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9. Foreign Grant Reporting Act (HR 8290).

- Intended to create parity of reporting domestic grants and foreign grants.
- Current Reporting was Negotiated: 990: Schedule F
- HR 8290 would require more detailed reporting on foreign grants: (recipient names, addresses, amounts).
- Risk missionaries and religious workers in certain countries.

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10. Religious Freedom Protections: *Groff v. DeJoy* (Sup. Ct. June 29, 2023).

- USPS Worker – refused to work on Sunday
- Religious Accommodation requested: Title VII says, Employer must provide accommodation unless “undue hardship.”
- Since 1977, *TWA v. Hardison*, “undue hardship” = just more than de minimis cost.
- *Groff v. DeJoy*, Unanimous SC says: undue hardship defense to providing religious accommodation requires showing “that the burden of granting an accommodation would result in substantial increased costs in relation to the conduct of its particular business.”

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11. Gift Acceptance Policy.

- Intended to minimize financial risk to organization
- Guide administration on receipt of types of gifts
- Provide direction on “restricted” or “unrestricted” gifts.
- Structure due diligence on receipt.
- Protect against donor discontent or litigation.

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11. Gift Acceptance Policy, cont.

- Policy should:
 - Require evaluation of gift on organizational mission, finances, and ethics.
 - Provide process that can require “Yes” or “No” on acceptance.
 - Place a premium on ability to comply with donor’s intent.
 - Require determination of how potential gifts fit into the organization’s portfolio and investment strategy.

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