

# Research Report: How Secular Humanists (and Everyone Else) Subsidize Religion in the United States

Ryan T. Cragun, Stephanie Yeager, and Desmond Vega

**T**he home in the photo (right) is the \$1.75 million mansion of the Reverend Randy White, the former head pastor of Without Walls International Church in Tampa, Florida. While some people may be bothered by the fact that there are pastors who live in multimillion dollar homes, this is old news to most. But here is what should bother you about these expensive homes: *You are helping to pay for them!* You pay for them indirectly, the same way local, state, and federal governments in the United States subsidize religion—to the tune of about \$71 billion every year.

We mention Rev. White because he was the impetus for this article. White and his mansion came up in a class taught by lead author Ryan T. Cragun. In that discussion, the other authors asked how much Pastor White pays in taxes on his income. The answer wasn't readily available. Only a handful of publications in the sociology of religion have examined the finances of religions, and they are largely aimed at telling religions how to increase donations.<sup>1</sup> Nowhere did we find prior research summarizing and detailing religious finances and tax policy, so we decided to investigate it ourselves. This article is the result. It took some digging, but we think we now have a moderately clear understanding of the tax laws regarding religions in the United States. What we found suggests that religious institutions, if they were required to pay taxes the same as for-profit corporations do, would not have nearly as much money or influence as they enjoy in America today. In this article we estimate how much local, state, and federal governments subsidize religions.

However, before we get into our calculations, we think it best to address a criticism that is likely to be raised about this article. By suggesting that these groups should pay taxes, we are likely to be criticized by those who think that religions are largely charitable institutions engaged in beneficial service or charitable work and should therefore be exempt from taxes. This criticism requires responses at two levels, because there are two ways to think about religious "charity." The first type of charity is the type




---

*“ . . . The Church of Jesus Christ of Latter-day Saints (the LDS or Mormon Church) . . . gave about \$1 billion to charitable causes between 1985 and 2008. That may seem like a lot until you divide it by the twenty-three-year time span and realize this church is only donating about 0.7 percent of its annual income.”*

---

that most people think of when they hear the phrase “serving people’s physical needs” (feeding and clothing the poor, building schools, and the like). The second type is different and involves addressing people’s “spiritual concerns.”

Do religions engage in charitable work that addresses the physical needs of the poor? Many do, but that is not their primary focus. Religions are quick to trumpet when they do charitable work—ironically for Christians, since the Bible explicitly says not to (Mathew 6:2). But they don’t do as much charitable work as a lot of people think, and they spend a relatively small percentage

of their overall revenue on such work. For instance, the Church of Jesus Christ of Latter-day Saints (the LDS or Mormon Church), which regularly trumpets its charitable donations, gave about \$1 billion to charitable causes between 1985 and 2008. That may seem like a lot until you divide it by the twenty-three-year time span and realize this church is donating only about 0.7 percent of its annual income.<sup>2</sup> Other religions are more charitable. For instance, the United Methodist Church allocated about 29 percent of its revenues to charitable causes in 2010 (about \$62 million of \$214 million received).<sup>3</sup> One calculation of the resources expended by 271 U.S. congregations found that, on average, “operating expenses” totaled 71 percent of all the expenditures of religions, much of that going to pay ministers’ salaries.<sup>4</sup> Financial contributions addressing the physical needs of the poor fall within the remaining 29 percent of expenditures. While these numbers may be higher as a percentage of income than typical

Isn’t this activity a form of “spiritual charity”? And since most of the expenditures of religions are spent on addressing spiritual concerns (activities including worship services, pastoral counseling, baptisms, sacraments, and the like), couldn’t these expenses be seen as charitable, thus qualifying the religions as charities?

No. Why? Because charity is *the giving of something*, not the exchange of something for something else. When religions give (money, clothing, labor, building materials) to address the physical needs of the poor, they are giving without receiving payment in return. There is no exchange of goods or services. Yes, those giving may feel good about what they’ve done, but that feeling is not given to them by the recipients of their charitable actions in exchange for the actions; it rather results from the charitable actions themselves. In contrast, when a pastor preaches a sermon or a priest performs a baptism, this is done out of obligation and is what these religious functionaries are paid to do. It is no more “charity” than a college professor teaching a class or a social worker helping a family is charity. If the people you are helping are paying you to help them, it’s not charity; it’s labor. You may like your job and feel that it offers value beyond what you receive in compensation, but that doesn’t change the fundamental nature of the exchange taking place. In short, if someone is paid to address spiritual concerns, it is not charity when they do so.

---

*“Wal-Mart . . . gives about \$1.75 billion in food aid to charities each year, or twenty-eight times all of the money allotted for charity by the United Methodist Church and almost double what the LDS Church has given in the last twenty-five years.”*

---

There is one other argument religions could use to claim they are “spiritual charities”: when religions pray for rain for the local community or when they baptize the dead to assure them salvation—as is done by the Mormon Church—isn’t this a form of spiritual

charitable giving by corporations, they are not hugely higher (depending on the religion) and are substantially lower in absolute terms. Wal-Mart, for instance, gives about \$1.75 billion in food aid to charities each year, or twenty-eight times all of the money allotted for charity by the United Methodist Church and almost double what the LDS Church has given in the last twenty-five years.<sup>5</sup>

We recognize that there is a lot of variation in how much religions engage in charitable work, and we don’t want to discourage religions from doing so. However, comparing their charitable giving to the performance of secular charities is informative. The American Red Cross spends 92.1 percent of its revenue directly addressing the physical needs of those it intends to help; only 7.9 percent is spent on “operating expenses.”<sup>6</sup> If you use a generous 50 percent cutoff for indicating whether an institution is primarily a charitable organization or not (that is, they spend more than 50 percent of revenue on charitable work addressing physical needs), we doubt there is a single religion in the world that would actually qualify as a charitable organization.

But what about the spiritual concerns that religions address?

charity in the sense that even people not donating to the religion benefit? These acts certainly seem closer to charity, but they don’t meet the criteria of what it means to be a charitable organization for tax purposes: If the function or service the charity provides were discontinued, would it result in a legal requirement for public funds to continue the function? Religious soup kitchens would probably meet this criteria but would praying for rain or baptizing dead people? Although Texas Governor Rick Perry may pray for rain<sup>7</sup> and presidential hopeful Mitt Romney may want past presidents baptized, we think most people would agree that government has no interest in addressing such “spiritual concerns.”

In summary, religions spend a relatively small portion of their revenue on physical charity, and while they spend a larger portion of their revenue addressing spiritual concerns, most of that qualifies as labor, not charity. What little would qualify as “spiritual charity” would not be replaced by government if discontinued. In short, religions are, by and large, not engaged in charitable work.

As a result, we calculated the subsidies to religions under the

assumption that religions are more like for-profit corporations providing entertainment (such as movie theaters or amusement parks) rather than charities. That assumption is actually a fairly accurate description of their primary activity: religions largely provide entertainment for their “consumers.” And while that entertainment may be meaningful to their consumers and even address “spiritual concerns,” the same can be said for movies (well, some movies). So, our starting assumption in calculating government subsidies to religions was to treat religious institutions like corporations. We recognize that it is not a perfectly sound assumption,<sup>8</sup> but if you will grant it for now you may find the resulting calculations of interest.

Figure 1 summarizes the tax code related to religions. On the left are the sources of revenue for religions, labeled “Monies In.” Religions and ministers are in the middle. And on the right are the different ways religions and ministers are subsidized, labeled “Government Subsidies.” These tax exemptions and tax breaks are an indirect form of “subsidy” in that the government is not providing direct revenue to religions, with one exception, but indirectly subsidizing religion. Religious institutions and functionaries are either not required to pay taxes or pay reduced taxes, while donations to religions are either tax free or result in a deduction from taxes. So, while the various governments involved are generally not transferring money directly to religions (though the government’s Faith-Based Initiatives do just that), they are not requiring the institutions, functionaries, or donors to religions to pay taxes that they would have to pay if they were corporations.

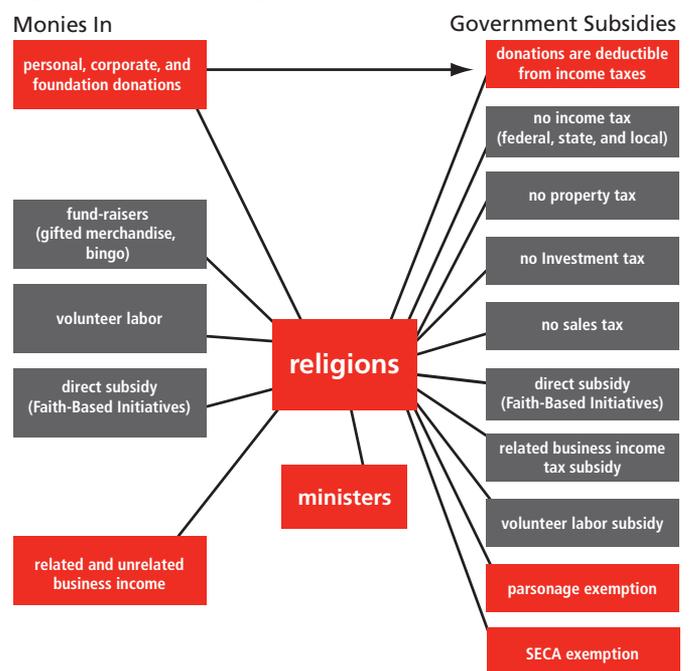
The primary source of revenue to religions is personal donations, but corporations and trusts can and often do donate as well. According to Giving USA, religions received \$100.95 billion in donations in 2009.<sup>9</sup> Religions can also hold fund-raisers to generate revenue, which can include things such as merchandise given as donations and income from bingo games. It is not known how much money is raised through these sources each year. While not necessarily a source of monetary revenue, religions are also the beneficiaries of volunteer labor, likely to the tune of billions of hours every year, a benefit for-profit corporations cannot receive.<sup>10</sup> The one direct subsidy to religions in the United States every year is the money given to religions through the White House Office of Faith-Based and Community Initiatives. In 2009, that amount was \$2.2 billion, though additional money can be given at the state level.<sup>11</sup> Finally, religions can also rent their property or engage in other for-profit activities. Some of these business activities may be deemed “related” to their primary purpose, and the profits would not be taxed (such as a daycare for church members’ kids, selling secondhand clothes and goods received as donations, selling a church-related periodical, and the like). Other activities that cannot be deemed “related” to the primary purpose of the religion fall under the Unrelated Business Income classification of the Internal Revenue Service (IRS) tax code; religions are required to pay taxes on this

income at the corporate tax rate.<sup>12</sup> To what extent religions engage in for-profit business that is tax-exempt is unclear because such entities are typically privately held corporations that do not have to report profits or losses (though see below). In summary, the revenue sources for religions fall into primarily four groups: (1) donations, (2) fund-raisers and volunteer labor, (3) direct federal subsidies, and (4) “related” and “unrelated” business income, the former being tax-exempt and the latter not.

We now turn to the other side of the figure, where the subsidies to religion are illustrated. To begin with, religions pay no taxes on personal or corporate donations or on donations given to them by trusts. These donations can be of any kind—cash, stocks, property, etc.<sup>13</sup> Generally, religions are required to report the total donations received, but they can also be exempt from doing so. They also are not required to report the source of donations, though they are supposed to keep financial records. However, religions are highly unlikely to be audited because Congress has imposed special limitations on when churches can be audited.<sup>14</sup>

What this means is that donations to religions are largely unregulated. In our discussions while investigating the subsidies to religion, we realized that religions would be the ideal way to launder money if you were engaged in an illegal enterprise. Hypothetically, the leader of a drug cartel could have one of his lieutenants start a church and file for tax-exempt status.<sup>15</sup> Once granted, money from the sale of drugs could then be donated to the religion, which could use the funds to build extravagant buildings (including a “parsonage”), host extravagant “services”

Figure 1. Diagram of religious finances and subsidies



(a.k.a. parties) for members of the religion, and pay extravagant salaries to its ministers (including the leader of the cartel). Drug money could be laundered through the church's bank accounts with little risk of being caught by authorities. If drug cartels and the Mafia aren't already doing this, we'd be surprised.

In order to calculate the government subsidy resulting from tax-exempt donations, we assumed that religions would be taxed at the maximum federal corporate tax rate, given their revenue (for example, the United Methodist Church parent organization falls into the highest corporate tax bracket, as would most local congregations). Using this assumption, the subsidy to reli-

gions in the form of lost corporate tax revenue to the federal government is about \$35.3 billion annually.<sup>16</sup> We estimated that states subsidize religions to the tune of about \$6.18 billion per year as well by not requiring religious institutions to pay income taxes.<sup>17</sup> Given the literally thousands of different local corporate tax rates, we did not calculate the subsidy to religions from local governments, but it would likely add hundreds of millions of dollars more in subsidies.

gions closer to \$300,000 per year. Why the LDS Church is paying at a reduced rate is unclear. Regardless of whether it pays the full tax rate or not, it is paying something. But this is just the property tax; there is no way to know how much money is generated from the ranch or any other religion-owned for-profit corporation. As a result, we were unable to calculate these sources of revenue. We can only guess, then, that we are underestimating the overall subsidy to religions in the United States, probably by billions.

As if the tax-free incentive to religions were not a sufficient subsidy, donors to religions get to deduct those donations from their taxable income when calculating their income taxes.<sup>20</sup> Up to 50 percent of one's income can be donated and written off.<sup>21</sup> However, this is not a direct subsidy to religions but rather to religious people. It does, however, result in an even more indirect subsidy to religions because it results in more donations: people would rather give their money to their religion than to the government, and they do so when it is financially beneficial for them.<sup>22</sup> Thus, the indirect subsidy to donors actually increases donations to religions, reducing taxes paid to the government. Given the complexities in calculating deductions in taxable income and the fact that most of the subsidy is to religious people and not the religions, we were unable to arrive at a reliable estimate of the size of this subsidy to religions.

---

*"If you use a generous 50 percent cutoff for indicating whether an institution is primarily a charitable organization or not (that is, they spend more than 50 percent of revenue on charitable work addressing physical needs), we doubt there is a single religion in the world that would actually qualify as a charitable organization."*

---

We were also unable to come up with estimates for the size of the other three sources of revenue: fund-raisers, volunteer labor, and unrelated business income. We assume that the fund-raisers and volunteer labor do not contribute nearly as much to the overall revenue of religions as do the donations received. Also, religious institutions should be paying taxes for their Unrelated Business Income and appear to be doing so, though possibly at reduced rates. For instance, the Mormon Church owns a billion dollar ranch in central Florida.<sup>18</sup> Careful examination of the tax record suggests that the Church may be paying just 0.03 percent in property taxes (i.e., three-tenths of 1 percent) as compared to other landowners in Osceola County, who are paying about 1.68 percent.<sup>19</sup> If the Church were paying the full rate—1.68 percent—it would pay almost \$16.8 million per year in property taxes for its \$1 billion ranch, but it appears to be paying

In addition to paying no tax on donations, religious institutions pay no property taxes. The Hartford Seminary estimates that there are 335,000 congregations in the United States.<sup>23</sup> Using forty-seven churches in Tampa from six different religions as our basis (Presbyterians, Mormons, Baptists, Methodists, Episcopalians, and Pentecostals), we estimated that the average value of a church in the United States today is about \$1.7 million (land and building).<sup>24</sup> Because property taxes are paid at the state level, we averaged the total number of churches across all fifty states, multiplied the estimated number of churches by the average value, and then calculated the lost state revenues. States subsidize religions to the tune of about \$26.2 billion per year by not requiring religious institutions to pay property taxes for property worth about \$600 billion.<sup>25</sup> This subsidy is of particular interest because property taxes pay for services such as firefighting and police, which religious institutions use the same as corporations and private citizens.

Religions also pay no investment taxes (such as capital gains taxes). Most people probably do not realize that many religions have investments. These can result from surplus cash donations or donations of investment instruments such as stocks, as noted above. Some denominations have such large endowments that they have split the endowment off from the denomination so that it can be managed independently. A good example is the Presbyterian Foundation, which manages \$1.9 billion in assets.<sup>26</sup>

Just as with donor income, religions are supposed to report their investment portfolios or investment income<sup>27</sup> but can be exempt from doing so. And just as with donations to religions, the IRS does not report on these at any level, making it difficult to determine the amount religions have invested. We found an estimate for endowed Presbyterian churches from a book on the finances of American religion in the mid 1990s.<sup>28</sup> They estimated that the total of Presbyterian endowments in the mid 1990s was \$500 million.<sup>29</sup> Using that number, we generated a per-capita endowment for Presbyterians and then multiplied that by the number of adults in this country who consider themselves religious. Our best estimates suggest the total investments held by religions here are somewhere close to \$18 billion. The subsidy to religions from not paying capital gains taxes is rather small compared to the other subsidies—somewhere around \$41 million per year.<sup>30</sup>

We also know that religions, when purchasing goods and supplies, are not required to pay sales tax in states that collect sales tax. However, we were unable to arrive at a reliable estimate of how much this subsidy would be because there is no clear basis for calculating the amount religions spend on such goods and services.

The situation regarding ministers and employees is a bit more complicated. Actual employees of religions (janitors, groundskeepers, and the like) pay taxes like everyone else—both income and Social Security taxes—and the taxes are typically withheld by the religions and paid directly to the IRS or state or local governments.<sup>31</sup> Thus, there is no subsidy for religions' employees. But ministers (pastors, rabbis, priests, and so on) are typically not considered religious employees. Often they are categorized as subcontractors and are required to pay their own taxes.<sup>32</sup> They are taxed, for the most part, at the same rate as everyone else in the United States who is self-employed, with two exceptions.

First, religious functionaries are the only group that can opt out of SECA, the tax that funds Social Security.<sup>33</sup> Doing so means they do not have to pay SECA taxes, but they also do not receive any benefits from Social Security. It is unknown how many religious functionaries have done this, so we cannot estimate any subsidy to religions on this front, but it is unlikely to be large because there is also a penalty in the form of not receiving Social Security benefits.

The second difference between ministers and other taxpayers is what is referred to as the "parsonage exemption." Ministers are allowed to deduct the cost of their living arrangements from their taxable income (e.g., mortgage or rent, utilities, furnishings, upkeep, etc.).<sup>34</sup> This can range from a relatively small deduction up to those claimed by people like Rick Warren and our very own Randy White, who have claimed deductions in the tens of thousands.<sup>35</sup> Parsonage exemptions work like donations to religions

for the donors in that the exemption reduces the amount of income against which taxes are paid. The Hartford Seminary estimates that the total number of ministers in this country is about 600,000.<sup>36</sup> If you take an average salary for those individuals of \$85,000<sup>37</sup> and assume an average parsonage exemption of \$8,000, you arrive at a subsidy of about \$1.2 billion for the living arrangements of ministers in America every year.

To summarize: religious institutions receive revenue through personal and corporate donations, fund-raisers, volunteer labor, direct subsidies, and corporate profits. Donations result in tax deductions for those making the donations. Religions do not pay income, property, investment, or sales tax. Ministers can opt out of SECA and receive a parsonage exemption. We estimated the

---

*“. . . We calculated the subsidies to religions under the assumption that religions are more like for-profit corporations providing entertainment (such as movie theaters or amusement parks) rather than charities. That assumption is actually a fairly accurate description of their primary activity. . . . ”*

---

subsidies from the federal and state governments in not charging religions the equivalent of corporate income tax but were unable to come up with an accurate estimate of the subsidy from local governments. We also did not estimate the subsidy to donors through tax deductions. We estimated the subsidy to religions from not paying investment or property taxes but not the subsidy from not paying sales taxes. We estimated the subsidy from the parsonage exemption but not from the SECA exemption. And we included the direct subsidy to religions from the Office of Faith-Based Initiatives. Our calculations are summarized in Table 1. Given our inability to estimate some of the subsidies, we are fairly confident that our estimates are on the conservative end of the subsidies provided to religions by governments in the United States.

To put this into perspective, the combined total of government subsidies to agriculture in the United States in 2009 was estimated to be \$180.8 billion.<sup>38</sup> Religions receive at least 40 percent of the subsidy that agriculture does in the United States. Another way to illustrate the size of the subsidy may be to illustrate how much tax revenue would increase at the state level if religious institutions had to pay property taxes. In Florida, where the state government's budget was \$69.1 billion in 2011, the amount of tax revenue lost from subsidizing religious property

**Table 1.**

Estimated annual government subsidy of religion in the U.S. per year

Subsidies estimated	Amount
Federal income tax subsidy	\$35.3 billion
State income tax subsidy	\$6.1 billion
Property tax subsidy	\$26.2 billion
Investment tax subsidy	\$41 million
Parsonage subsidy	\$1.2 billion
Faith-Based Initiatives subsidy	\$2.2 billion
<b>Total</b>	<b>\$71 billion</b>
<b>Subsidies not estimated</b>	
Local income and property tax subsidies	—
Sales tax subsidy	—
SECA exemption subsidy	—
Donor tax-exemption subsidy	—
Increase in donations from donor tax-exemption subsidy	—
Related business income tax subsidy	—
Fund-raising subsidy	—
Volunteer labor subsidy	—
<b>Total</b>	<b>probably billions more</b>

*“The one direct subsidy to religions in the United States every year is the money given to religions through the White House Office of Faith-Based and Community Initiatives. In 2009, that amount was \$2.2 billion, though additional money can be given to religions at the state level.”*

was \$2.2 billion or 3 percent of the state budget. The additional revenue would have mostly prevented the \$1.1 billion cut to firefighter and police retirement plans and the \$1.3 billion cut to public schools.<sup>39</sup>

One of the initial thoughts we had as we discovered the size of the subsidy to religions in the United States was that this may help explain why religion has remained so prominent in comparison to other developed countries such as those in Western Europe. However, this argument seems problematic in light of the fact that many countries in Western Europe have state churches that are literally funded by the government. Some have argued that the state-funding of churches in Western Europe may have actually contributed to their decline as it led to “lazy monopolies” and “lazy” ministers who did not have to work hard to attract adherents in order to make money.<sup>40</sup> While that argument may have some merit, our findings are not directly comparable, as the funding systems are different. In most of the

Western European countries with state churches, the subsidy is to one religion, not to all religions, which is the case in the United States. Thus, governments here actually subsidize all religion, which has the effect of maintaining a level of competition between denominations that contributes to the greater vigor observed among U.S. churches. This is a different dynamic and may have different practical consequences, such as keeping dying religions alive.

For instance, one of the authors of this article recently visited a Presbyterian church near his home in Florida. In a church built to hold over 250 members, just under thirty showed up for the Sunday service, and all but a handful were over fifty years old. In many respects, this church mirrors the empty and dying churches in Western Europe. In a discussion with one of the members of the church after the service, the issue of finances came up. It was put to this congregant that, unless there were some still-active members with deep pockets, it seemed unlikely that a congregation of twenty-five to thirty active members would be able to maintain a church of that size. He admitted that that was true but noted that the church had sufficient reserves to survive for at least a few more years before that would become a serious concern. If, on top of utility and upkeep expenses, the congregation had to pay prop-

erty taxes on their \$1 million church, income taxes on their donations, capital gains taxes on their investments, and could not write off their donations or volunteer labor, it is likely the church would have already folded. Thus, the subsidies to religions in the United States today may not be encouraging the growth of religions, but they may be keeping alive on the equivalent of subsidized life-support many religions that should be dead.

If these subsidies were removed—though we have no basis for believing that they will be anytime soon—we wonder what the damage to religion would be. There is evidence that donations to religions are tied to taxes; as the tax benefit of donating goes up, so do donations and vice versa.<sup>41</sup> In other words, it seems likely that the removal of these subsidies would result in a substantial decrease in the supply of religion in the United States. To what extent it would affect demand for religion is uncertain.

For those individuals who argue that religions should receive subsidies because of their charitable work, there is an easy solution for that problem. If religions want to engage in charitable work, they should separate religious activities and finances from their charitable activities and finances. The charities run by religions could be tax-exempt, but the religious organizations would be treated like civic leagues or sports clubs or any other volunteer organization that exists for entertainment or the benefit of its members. Those groups are not tax-exempt and are not subsidized by the government.

What, then, can we conclude from these findings? First, we have avoided any discussion of the separation between church and state and the establishment of religion because these subsi-

dies do fall under the protection of the First Amendment—they do not favor any one particular religion. They do, of course, favor religion over nonreligion, but, as noted above, we do not foresee the ending of these subsidies anytime soon. Second, it seems likely that subsidies are propping up religion in the United States, though to what extent is not clear. Certainly many religions that are near failing would have done so already if not for the subsidies they receive from the government. Another practical result of these subsidies is that religions are more affluent and more influential than they would otherwise be, because they have the resources to fund efforts to change legislation, create widely consumed media, and influence public policy.

There is also the question of whether the monies lost through these subsidies—assuming they could be collected by ending the subsidies—could be better spent, particularly by governments. We are ambivalent on that point, but we do agree with Barb Dempsey, the mayor of Mount Clemens, Michigan, who argued that religions should at least pay their fair share for services like fire protection, streetlights, police, and roads.<sup>42</sup> They use those services just like other organizations do.

Finally, as the perceived “benefit” to society of religions becomes increasingly irrelevant as more and more Americans cease to utilize their “services” by disaffiliating, it will also be increasingly unfair for a large percentage of nonreligious Americans (almost 40 percent in some states) to subsidize the recreational activities of others. These subsidies should be phased out. But since that is unlikely to happen, we’d accept the following alternative: the ability to write off our annual entertainment expenses as “donations”; the subsidizing of all of our housing expenses, including utilities and maintenance costs; being exempt from paying taxes on businesses we start related to our primary purpose in life (say, a micro-brewery); direct cash transfers to us from the government for trying to convert people to our worldviews while claiming to provide social services; and, most important, the right to host games of bingo without reporting our income as gambling revenue! 

## Notes

1. See Chaves, Mark. 1998. *Financing American Religion*. Walnut Creek, Calif.: AltaMira Press; and Smith, Christian, Michael O. Emerson, and Patricia Snell. 2008. *Passing the Plate: Why American Christians Don't Give Away More Money*. New York: Oxford University Press, USA.
2. See <http://www.providentliving.org/welfare/pdf/WelfareFactSheet.pdf>.
3. The United Methodist Church's financial report for 2010 can be found at [http://www.gcf.org/sites/default/files/u3/December percent 20Financial percent 20Commitment percent 20Reports\\_0.pdf](http://www.gcf.org/sites/default/files/u3/December%20Financial%20Commitment%20Reports_0.pdf).
4. Smith, Emerson, and Snell, *op. cit.*
5. See this site for Wal-Mart's charitable giving: <http://walmartstores.com/CommunityGiving/9599.aspx>.
6. Charity Navigator provides this information on actual charities: <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=3277>.
7. <http://abcnews.go.com/Politics/gov-rick-perry-asks-texans-pray-rain/story?id=13439686>.
8. A better comparison would be civic leagues or sports clubs, which are discussed later in the article.
9. The latest version of Giving USA's report can be found at <http://www.givingusareports.org/free.php>.

[www.givingusareports.org/free.php](http://www.givingusareports.org/free.php).

10. <http://www.dol.gov/elaws/esa/flsa/docs/volunteers.asp>.
11. More information and the monies allocated to the Faith-Based Initiatives can be found here: <http://www.fbc.gov/>. H. James Towey, former director of the White House Office of Faith-Based and Community Initiatives suggested religions may be getting a sizable portion of the \$40 billion in Federal money doled out by states; see <http://www.washingtonpost.com/wp-dyn/articles/A45643-2005Jan3.html>.
12. See IRS Publication 598: <http://www.irs.gov/pub/irs-pdf/p598.pdf>.
13. See IRS Publication 1828, “Tax Guide for Churches and Religious Organizations,” at <http://www.irs.gov/pub/irs-pdf/p1828.pdf>. The IRS does distinguish between “churches” and “religions,” but “churches” are what most people would think of when they hear the word *religion*. “Religious organizations” are different and subject to different regulations. In this article we use the two interchangeably.
14. See the section “Special Rules Limiting IRS Authority to Audit a Church” in IRS Publication 1828. Basically, an “appropriate, high-level Treasury Department official” has to have prior evidence of abuse and then can initiate an inquiry.
15. Technically, filing for tax-exempt status is not required, just recommended. See IRS Publication 1828.
16. This is based on current federal corporate tax rates: [http://en.wikipedia.org/wiki/Corporate\\_tax\\_in\\_the\\_United\\_States#Federal\\_tax\\_rates](http://en.wikipedia.org/wiki/Corporate_tax_in_the_United_States#Federal_tax_rates) and is a straightforward calculation based on the amount donated to religions in 2009.
17. We broke down the total amount donated (\$100.95 billion) into the average amount donated per person then used state populations to calculate donation rates within states. Using state corporate tax rates ([http://en.wikipedia.org/wiki/Corporate\\_tax\\_in\\_the\\_United\\_States#State\\_income\\_tax\\_rates](http://en.wikipedia.org/wiki/Corporate_tax_in_the_United_States#State_income_tax_rates)), we arrived at our estimated subsidy.
18. <http://www.deseretranchflorida.com/index.html>.
19. For instance, the property at 9025 Lincoln Rd. is valued at \$47,700, and the owners were charged \$802.01 in property taxes, while LDS Church-owned parcel #35293400000100000 is valued at \$2,615,200 but the church only paid \$824.80 in property taxes. See [http://ira.property-appraiser.org/PropertySearch\\_services/TrimPDF/TRIM.aspx?pin=242732273500010770](http://ira.property-appraiser.org/PropertySearch_services/TrimPDF/TRIM.aspx?pin=242732273500010770) and [http://ira.property-appraiser.org/PropertySearch\\_services/TrimPDF/TRIM.aspx?pin=35293400000100000](http://ira.property-appraiser.org/PropertySearch_services/TrimPDF/TRIM.aspx?pin=35293400000100000).
20. See IRS Publication 526: <http://www.irs.gov/pub/irs-pdf/p526.pdf>. Of note, donations to civic leagues, which are probably a closer approximation of what religions do than for-profit corporations, are not tax deductible.
21. See the section, “Limits on Deductions” in IRS Publication 526.
22. Randolph, William C. 1995. “Dynamic Income, Progressive Taxes, and the Timing of Charitable Contributions.” *Journal of Political Economy* 103(4):709–38.
23. The Hartford Seminary's estimate can be found at [http://hrr.hartsem.edu/research/fastfacts/fast\\_facts.html#numcong](http://hrr.hartsem.edu/research/fastfacts/fast_facts.html#numcong).
24. Some might question this calculation. However, property values in Tampa are close to the national average and may actually be slightly lower as a result of the economic recession. Thus, we believe the estimate is close to the average price of a church in the United States today.
25. Of note, the estimate of \$600 billion for the property of religions is likely a substantial underestimate because religions own a lot more property than just the lots on which they have churches. So long as they use their property for religious purposes, regardless of whether or not there is a church on it, the property is tax exempt.
26. You can read more about the history of the Presbyterian Foundation at [http://www.presbyterianfoundation.org/about\\_us/3/mission\\_statement.aspx](http://www.presbyterianfoundation.org/about_us/3/mission_statement.aspx).
27. See IRS Form 990: <http://www.irs.gov/pub/irs-pdf/f990.pdf>.
28. Hoge, Dean R., and Loren B. Mead. 1999. “Endowed Congregations,” in *Financing American Religion*, Mark Chaves and Sharon L. Miller, editors. pp. 87–95. Walnut Creek, Calif.: AltaMira Press.
29. We're unsure if the \$1.9 billion from the Presbyterian Foundation is an accurate update to that number as the Presbyterian Foundation is not that open about the sources of the funds.
30. This estimate assumed a rather anemic 3 percent interest rate per year for the investments.

31. See IRS Publication 1828.  
 32. See IRS Publications 15-A and 517.  
 33. See IRS Publication 517.  
 34. See "Special Rules for Compensation of Ministers" in IRS Publication 1828 and IRS Topic 417—Earnings for Clergy (<http://www.irs.gov/taxtopics/tc417.html>).  
 35. See <http://www.christianitytoday.com/ct/2002/november18/1.42.html>.  
 36. The Hartford Seminary's estimate can be found at [http://hirs.hartsem.edu/research/fastfacts/fast\\_facts.html#numclergy](http://hirs.hartsem.edu/research/fastfacts/fast_facts.html#numclergy).  
 37. This is the average salary per salary.com: <http://swz.salary.com/SalaryWizard/Pastor-Salary-Details.aspx>.  
 38. This estimate comes from McKenna, Barrie, "For U.S. Farmers, Subsidies the Best Cash Crop," *The Globe and Mail*, November 25, 2010.  
 39. This news article details the budget cuts: <http://www.palmbeachpost.com/news/state/florida-budget-winners-and-losers-1451861.html>.  
 40. Stark, Rodney, and Roger Finke. 2000. *Acts of Faith: Explaining the Human Side of Religion*. 1st ed. Berkeley: University of California Press.  
 41. Randolph, *op. cit.*  
 42. This request was detailed in Bunkley, Nick, "Debt Rising, a City Seeks Donations in Michigan," *New York Times*, November 19, 2010.

Ryan T. Cragun is an assistant professor of sociology at the University of Tampa. His research focuses on the nonreligious, Mormonism, and secularization. Religious tax policy is a new interest that he plans to develop.

Stephanie Yeager is a senior business management major at the University of Tampa and an honors student. Stephanie currently works as an administrative assistant at a professional liability insurance broker in downtown Tampa. She became interested in religious tax policy when she saw the taxes taken out of her paycheck and wondered whether pastors were paying similar amounts.

Desmond Vega is a senior psychology major at the University of Tampa. He is interested in studying religion from psychological, sociological, and philosophical perspectives.

Despite several months of intensive efforts to understand tax regulations related to religions, the authors do not claim to be experts on tax law or tax regulations.

## Get FREE INQUIRY into your favorite library *All of it.*

**YES, I'd like to give FREE INQUIRY to my favorite public or college/university library!**

(See back cover ad for more details.)

\_\_\_\_\_ **Five-year FI library gift subscription(s) at \$75 each. Total:** \_\_\_\_\_

Recipient must be a public, college, or university library (U.S. only).

\_\_\_\_\_ **FI back set(s) at \$425.00 each. Total** \_\_\_\_\_ **Total enclosed:** \_\_\_\_\_

Deepest discount available for the full back set. To qualify for this discount, recipient must be a public, college, or university library. S/H included to U.S. addresses only. For shipping quotes outside the U.S., call 1-800-458-1366 during business hours Eastern time.

**Recipient:** Library Name \_\_\_\_\_

Institution (if different) \_\_\_\_\_

Mailing address for magazines \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Purchaser:**

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Daytime phone ( ) \_\_\_\_\_ E-mail \_\_\_\_\_

Check enclosed (U.S. checks only drawn on U.S. bank and denominated in U.S. dollars. Payable to the Council for Secular Humanism.)

Charge my:  American Express  Discover  MasterCard  Visa

Credit card # \_\_\_\_\_ Exp. \_\_\_\_\_ / \_\_\_\_\_

Signature \_\_\_\_\_

Mail to: Council for Secular Humanism, P.O. Box 664, Amherst, NY 14226-0664.  
 Credit-card orders may be faxed to (716) 636-1733 or called in toll-free to (800) 458-1366 from 9 AM to 5 PM EST.