

All Saints Church locks horns with IRS: Sermon on Iraq war puts tax-exempt status at risk

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A large, liberal Episcopal church in southern California is close to deciding that it will resist an inquiry by the Internal Revenue Service regarding political activity, possibly forcing a court test on First Amendment rights. The IRS has asked All Saints Episcopal Church in Pasadena to provide extensive answers to questions about an antiwar, preelection sermon in 2004,

“Freedom of speech and freedom of religion have been assaulted by this act of the IRS, and I think my people want to be heard in court,” said Ed Bacon, rector of All Saints, to a packed church on September 17.

After his sermon at the largest of three services, Bacon received “a three-minute standing ovation from 1,100 people that would have gone longer had the organist not started playing,” said Keith Holeman, director of communications at All Saints. The parish vestry and the church’s attorneys have backed a fight from the start.

The church, which has about 3,500 active members, was first notified by the federal agency on June 9 last year that it was scrutinizing a guest sermon by former rector George Regas delivered two days before the 2004 national elections. The IRS said the church may have violated rules prohibiting tax-exempt organizations from endorsing political candidates.

In the sermon, Regas imagined Jesus in a debate with President George W. Bush and Democratic challenger John Kerry. Regas suggested that Jesus would have told Bush his preemptive war strategy in Iraq “has led to disaster.”

Regas said at the outset of the sermon, “I don’t intend to tell you how to vote.” Bacon said last year that while the sermon “implicitly” supported Kerry, “we’ve broken no rules.” Leaders of both the National Council of Churches and the National

Association of Evangelicals objected to the IRS inquiry at that time.

When the IRS raised more questions last July, the church responded by asking the IRS to issue a more formal administrative summons. Two summons were delivered to the church September 15, one asking for detailed information on policies and costs associated with Regas's sermon, to be supplied by September 29. The second document summoned Bacon to answer questions on October 11.

Bacon reiterated on September 15 his instinctive resistance to compliance on the basis of the church's tradition of defending "the values of peacemaking" and of working for justice for the poor and marginalized of society.