

Report cites ways for IRS to curb lavish ministries

by [Adelle M. Banks](#) in the [January 9, 2013](#) issue

A special commission created by the Evangelical Council for Financial Accountability has called for clearer Internal Revenue Service guidance and greater efforts by donors to address “outliers” among congregations and other nonprofits that are not being held financially accountable.

Its 91-page report was a response to a request for recommendations from Sen. Charles Grassley (R., Iowa) after he concluded a three-year investigation into alleged lavish spending by six prominent broadcast ministries in 2011.

Among the dozens of suggestions of the interfaith commission:

- Compensation for leaders of nonprofits should be “reasonable,” and nonprofits should make such information available to donors who request it.
- The IRS should clarify forms related to the income tax exclusion for clergy housing—which is being challenged in court by atheists who consider it unconstitutional.
- The IRS should not create a specific advisory committee for religious organizations but should allow the religious community to have input as it creates more guidance on tax law.
- The tax agency should give more advice about “love offerings”—monetary gifts sometimes given to clergy outside of regular congregational offerings—to avoid the “mistaken impression that there is 100 percent correlation between deductibility by the giver and taxability to the receiver.”
- The IRS should modify forms to permit organizations, such as operators of shelters from domestic violence, to redact sensitive information from public disclosure if it would put people at risk.

In an introduction to the report, commission president Michael Batts said a comparatively small number of organizations are involved in “egregious financial misconduct,” and “excessive legislation” is not necessary to address them.

“We cannot allow the behavior of a few outliers in the religious and nonprofit sector to threaten the freedoms of those who are not the problem—those who are doing the good work,” said Batts, a former ECFA chairman, in his introduction.

Grassley’s three-year probe concluded that evangelists Benny Hinn of Texas and Joyce Meyer of Missouri had made “significant reforms” to their operations. Grassley’s final report said Texas-based Kenneth Copeland Ministries, Georgia pastors Creflo Dollar and Eddie Long and Florida megachurch pastor Paula White had provided incomplete responses or none.

Grassley said in a statement the new report demonstrates the challenge of trying to prevent abuse without harming “above-board organizations.” He encouraged both donors and the IRS to heed the commission’s recommendations but noted that Congress could extend the review if it addresses comprehensive tax reform.

“The report gives less attention to resolving some of the thornier questions, such as how to build accountability from entities that exploit vagueness in current laws and regulations for individual benefit rather than the greater good,” he said.

The commission plans to release a report in 2013 with recommendations about political expression on the part of churches and other charities. —RNS