

# “Free Church” Article Reprints

*compiled by Norman Edwards*

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This paper contains information from several sources explaining the need for churches to operate as **free churches** responsible to God, rather than as corporations responsible to the state. The four works included are given as major headings (they stick out to the left) in the Table of Contents. The minor headings are simply subtitles within these works. These works, and the other sources existing herein may contain a few conflicting ideas about how to implement a free church, but that only illustrates a need for greater communication and study of the subject. At one time, most churches in the USA operated as free churches and had nothing to do with corporations. Today, church elders as well as the branches of our ever-growing government have largely forgotten how churches originally functioned. All of us who are beginning to relearn this lost knowledge need to help each other, even though we may not agree on every point. This writer would appreciate hearing from anyone knowing of other sources of similar material.

This paper was compiled as supplemental material for Norman Edwards' own paper, *Starting a Local Congregation*, available free, see box at bottom of this page.

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***“...Freely you have received, freely give” (Matt 10:28).***

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Ecclesiastical Law Center, 4867 Firestone, Dearborn, MI 48126,  
313-581-0086; fax: 313-581-3018, e-mail: [lawcenter@excite.com](mailto:lawcenter@excite.com); website: [www.elcweb.com](http://www.elcweb.com)

***“...Eating and drinking such things as they give, for the laborer is worthy of his wages” (Luke 10:7).***

Other Bible literature available: <i>Shelter in the Word</i> , PO Box 107, Perry, Michigan 48872-0107 Tel: 517-625-7480 Fax: 517-625-7481 E-mail: <a href="mailto:Info@ShelterInTheWord.com">Info@ShelterInTheWord.com</a>
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# Church, Inc. by Ovid Need, Jr.

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## **A voice from the past, Isaac Backus 1724-1806 (from the inside cover)**

The attack which found the most general response among the rural Baptist, and with which Backus himself thoroughly agreed, was against the trend among the Baptist churches, led by Hezekiah Smith of Haverhill, to seek legal incorporation from the legislature. This problem plagued the Baptist continually after the Cutter case in 1785, and it divided the denomination during Backus's last years almost as badly as the boycott of certificates which he had urged in 1773.

The obvious reason for incorporation was to comply with the decision in the Cutter case, and thus be sure that religious taxes paid by Baptists would be returned to their ministers by parish or town treasures. For some Baptists, a more compelling reason was to enable a congregation to make binding contracts between its members and its pastor; thereby guaranteeing regular payment of a decent salary. Backus had often criticized his brethren for covetousness in failing to give adequate voluntary support to their pastors, but he could never regard the relationship between a pastor and his flock as a purely civil contract enforceable by law. He viewed the relationship at all levels as purely spiritual. To use the state to collect salaries was as wrong for the Baptists as for the Congregationalists.

Backus also believed that incorporation acknowledged the right of the state to decide which churches could and which could not be chartered. In addition, incorporation gave all persons in the congregation the right to vote on building or repairing a meeting house as well as paying the minister's salary. The unconverted members might then be able to outvote the converted, thereby allowing the worldlings to lord it over the saints. Baptist societies, acting like Congregational parishes, would face the same bitter conflicts between church and congregation.

Some Baptists argued that incorporation was necessary to hold property or endowment funds in the name of the church. But Backus pointed out that the law gave the deacons, or any other suitably appointed persons, power to "receive and hold estates or donations which are given for religious purposes, and to manage the same at the direction and for the good of the church or society." This device was wholly sufficient to meet the needs of the Baptists in this respect.

Backus was of course well aware that in some places the refusal of a Baptist congregation to obtain incorporation meant distraint and imprisonment for those who conscientiously refused to pay religious taxes they might otherwise avoid. On January 20, 1790, three members of the Baptist church in New Gloucester in the District of Maine (then part of Massachusetts) asked his advice on precisely the issue. They had only a part time minister and the town had decided that this did not qualify them for exemption. It threatened "a Law Suit unless we will Petition the General Court to be set off as a Society by our selves; this they are in General Very willing for and as we now stand according to the Constitution they must rate us Say they! Now sir, would you Advise us to Petition the General Court or Not?" Backus unquestionably wished them not to seek incorporation and to suffer the consequences. However, they did petition the legislature and secured incorporation.

The annual meeting of the Warren Association in September, 1791, learned that two Baptist societies had sought incorporation, but that Samuel Stillman had persuaded them to withdraw their petitions and seek advice from the Association. Backus spoke vigorously for a resolution against incorporation, while Hezekiah Smith spoke in favor of letting each church make its own decision on the matter. Backus won the day and the association resolved "That it be earnestly commended to the churches belonging to this association by no means to apply to civil government for incorporation ;... because we cannot consent to blend the kingdom of Christ with the kingdoms of this world nor to support it by the power of the civil magistrates."

But Hezekiah Smith's congregation refused to follow this recommendation. In 1793 the Haverhill Baptists petitioned for and secured incorporation. Backus angrily brought the matter before the Association, which once again voted its disapproval. But resolutions could not settle the problem. In 1798 the Baptist churches in Harwich and Brookfield followed Haverhill's example, as did Ashfield in 1800. Over the next decade a score of other Baptist churches successfully sought the same privilege... [Isaac Backus and the American Pietistic Tradition, Little, Brown & CQ, Boston, Mass., 1967, pp 220, 221, 222.]

## Foreword

At the onset, we must point out that this booklet is in no way meant to imply any kind of legal advice. It is strictly a Scriptural view of what is involved in the church-state marriage through the incorporation of a local body of believers, a local church. Laws vary from state to state, but the law of being under state control will not vary. Any steps which might be considered to remove a church or ministry from under the state’s authority and place it under God’s authority should be compared with local laws concerning the corporation. This we did when we sought advice and help from Attorney Al Cunningham (Rt. 2, Box 33a, Big Bend Road, Montgomery Creek, Ca. 96065).

We also need to make a few more points:

**First**, the purpose of this booklet is to examine the Word of God and consider the Scriptural danger of a church or ministry placing itself under the authority of the state.

**Second**, this booklet is not meant to point an accusing finger at the state. Our God told us that the state would control any area in which the Christian refuses to glorify God as God (1 Samuel 8; Rom 1:21). Therefore, any infringement by the state into the church is because of sin in God’s people. If God cannot control us by His Law-Word, then He will raise up an ungodly state to take the authority which God’s people refuse to give Him.

**Third**, this booklet is not intended to deal with federal involvements or relationships, *e.g.* tax-exempt status.

**Fourth**, in Indiana, the corporation is created, owned, controlled and protected by the state at the body’s request. The corporation must then have trustees to protect the state’s property, and the pastor is an employee of its trustees. We assume this policy is typical of any state. (We will use “state” to refer to all civil government—local, state or federal.) We have reproduced copies of all the documents referred to in this little booklet.

Does Caesar have the authority over the Lord and His kingdom on earth? The historic conflict has been the church’s refusal to recognize any such authority of the civil government over the body of Christ. Christ alone is the head of His church; only an unincorporated church can take a consistent stand that the state has no authority over the body of Christ, *viz.* the Church of the Lord Jesus Christ.

## Introduction

Newly arriving at the Linden New Testament Bap-

tist Church in 1983, the church had the annual Corporation Report waiting for me to fill out and file. This being my first experience with such matters, I read the form before filling it out. Alarmed, I called the men of the church together. I read the form to them. They were shocked, readily seeing that the church could not comply with the state’s requirements as listed on the form. It was evident that up to this point someone had simply filled in a minimal amount of required information, mostly with Not Applicable, then filed the form and the \$10 fee without examining it. (I would strongly suggest to anyone reading this booklet: read the forms your church fills out for the state! You could be in for a shocking surprise.)

In the past, incorporated “religious organizations” were probably separate under state laws. At that time, the laws may have presented no theological problems. But as time passed, the “religious organizations” were united with other corporations. Now we do have a theological problem.

We looked at the form, and because I didn’t really know what was involved Scripturally, I handed it to a man and said, “Here, pretend I didn’t see this and file it as has been done in the past.” He put N.A. on everything; enclosed \$10, and the state accepted it.

Because it took me by “surprise” and not knowing Scripturally what to do, I procrastinated on doing anything. The next time the form was due, we tried to file it again with N.A., but the state would not accept it. Therefore, we put in a minimal amount which the state accepted. Presently, the state apparently accepts, among other things, the total income and outgo of an incorporated “religious organization,” but how much longer will it be accepted without, among other things, an itemized list of givers?

Then S.S. Form 8274 came along. This undoubtedly was one of the most wicked, ungodly forms any church has ever been asked to sign. If filed voluntarily, it opened all records to government inspection at their convenience. Even the lawyers (Gibbs and Craze) with whom I spoke could not say definitely what could be required if 8274 was submitted: “We won’t know until it is litigated.”

We knew we could not sign 8274, but if we remained a corporation, we had no choice but to do as the I.R.S. or any civil authority requested. The corporation placed us under their authority and answerable to their desires. The corporation is a child of the state; therefore, it must obey its parent.

We voted the church out of the corporation the night before the deadline for filing Form 8274. We renamed the church, Linden Baptist Church, and took all necessary steps to break with the corporation. Since unincorporating the Church, some things happened to

confirm the Lord's direction in the matter:

1. In the summer of 1985, I gave the opening prayer at the meeting of the Tipmont R.E.M.C. members. Before the meeting opened, I was seated next to a board member of Wabash Valley Power, Assn. Inc. He said the reason WVPA had to file bankruptcy was because the Federal Government agency which guaranteed the loan to help with the Marble Hill Nuclear Power Plant that failed was now suing individual board members for the millions of dollars the corporation owed the agency. Since the corporation could not protect their personal property from government confiscation, the corporation had to file bankruptcy for protection.

2. One of our church men had a school friend who became a lawyer. He went on to practice as a trial lawyer in Alaska for eight years. Because of the pressure to compromise, he felt he could not "remain a Christian" and do what was required of him as a lawyer, so he discontinued his practice, returning to our area.

Speaking with him, I brought up the subject of incorporation. I pointed out that though many pastors view incorporation as simply notifying the state of their intention to operate and carry out the great commission, I felt it sought the state's permission to carry out our Lord's command.

He was emphatic: incorporation seeks the state's permission to operate and carry out its purpose as stated on the form requesting incorporation.

Thus it is immaterial how incorporation came about or the reasons for incorporating "religious ministries," the obvious fact remains which must be willfully ignored: today it is a request to the civil authority to operate for the stated purpose of the corporation.

Finally, I understand that lawyers know how useless the corporation is for what it promises, *viz.* protection. I have heard that they operate on the principle that someone wanting to start a business needs to incorporate. They offer corporate protection, but more importantly for the lawyers, fees are involved to set up the corporation and for every change the corporation desires to make. I also understand that lawyers know the ease of piercing the corporate veil.

The corporation is being passed off as protection by the state, yet it offers very little, if any, protection. It appears to be more for state control and money than for protection.

The following information is what the Lord used to force us to make our difficult decision. It is presented with a prayer that God will use it to reveal the dangerous, wicked connection of the state-owned and controlled "church." The church or ministry, whether a missionary organization or otherwise, with "Inc." in its name is obviously little more than a state-owned and controlled "person" under the law and under God. Is it

thus possible for a state-owned and controlled "Religious Organization" to be a ministry under the authority of the Lord Jesus Christ?

### A Personal Word

Because of the difficult time this pastor had and has addressing this and other issues, he realizes that pastors cannot make such major moves as dealt with herein without clear direction in the soul from the Lord. Therefore, the following is presented with a prayer that the reader will at least consider and then pray about the "principles" discussed.

We will open with a look at the practical implications of any ministry operating under the name of "God" being incorporated. Then we will proceed to address the Biblical precepts involved in incorporating a ministry.

### Chapter I: Secular Reasoning

Like most men, when I first became involved in the Conservative Christian Movement in the mid-60s', I knew nothing about incorporation. Of course, there was no issue back then. While an associate pastor of a church in the deep south in 1977, we became involved in a dispute with the state over its desire for us to take a license for the church nursery. But incorporation was not an issue. (The church was incorporated; therefore, it probably would have lost in court.)

Soon after we moved to Indiana, we attended a 1984 legal seminar. The lawyers speaking (Gibbs and Craze) pointed out that whereas it was unheard of ten years ago, there are presently very few cases against churches where corporation is not an issue.

Most pastors and laymen have not had to face the issue of incorporation. Or if they have, they, like myself, have chosen to ignore it. The issue of incorporation has not yet developed to its logical conclusion. The state is not yet demanding the detailed completion of the annual form, nor is it pressing the implications of incorporation. But how long will it be before "religious ministries" will be required to line up with public policy? (I understand that Public Policy is being enforced against churches in some states.) The incorporated ministry does not have a leg to stand on against its parent-owner's, *i.e.* the state's, demands.

The issue is no doubt being ignored by many because they do not want to disturb the waters or "rock the boat," or they may be afraid of the cost involved. The civil authorities are not pressing the implication at this time, so "we" are able to carry on "business as usual." But God knows the issue, and He will rock the boat and force churches and ministries to choose who is their god. Even though I had a man file the annual not-for-profit corporate report with minimal informa-

tion, I knew we could not give the state what they required; however, I realized we would eventually have no choice if we kept the corporation.

### State financial reports

As we talk to pastors, some agree that they cannot submit the state's required information. But does not giving the required information make the church dishonest? Other pastors express willingness to provide the state with its required financial information concerning the churches God has placed them over: the completed forms appease the state, so they can "serve the Lord." Any spirit of willingness to open the church for state inspection is detested by God.

**Isa 39:2-8** *And Hezekiah was glad of them, and shewed them the house of his precious things, the silver, and the gold, and the spices, and the precious ointment, and all the house of his armour, and all that was found in his treasures: there was nothing in his house, nor in all his dominion, that Hezekiah shewed them not. Then came Isaiah the prophet unto king Hezekiah, and said unto him, What said these men? and from whence came they unto thee? And Hezekiah said, They are come from a far country unto me, [even] from Babylon. Then said he, What have they seen in thine house? And Hezekiah answered, All that [is] in mine house have they seen: there is nothing among my treasures that I have not shewed them. Then said Isaiah to Hezekiah, Hear the word of the LORD of hosts: Behold, the days come, that all that [is] in thine house, and [that] which thy fathers have laid up in store until this day, shall be carried to Babylon: nothing shall be left, saith the LORD. And of thy sons that shall issue from thee, which thou shalt beget, shall they take away; and they shall be eunuchs in the palace of the king of Babylon. (The seriousness of Hezekiah's act is seen in the fact that the Lord records his evil three times: Isa 39; 2 Ki 20, & 2 Ch 32:31.)*

The result of providing Babylon with a financial statement for God's house was that the children would be slaves to Babylon. Hezekiah effectively verbalized the attitude that says, "As long as I have peace in my day to 'preach the gospel,' I don't care what happens to my children." But keep in mind, Hezekiah simply reflected the proud attitude of his people, e.g. Isa 29:13 .

Regardless of how the situation came about or the motives involved, one of incorporation's more obvious facts is that it yokes together Christian's who desires to serve God with the anti-Christ crowd. This is a clear violation of the word of God (Cor 6:14-18).

Certainly, the issue of the Social Security Tax Form 8274 is long past, but what was involved was much deeper than 8274, which, by the way, simply made the

state-church marriage tighter. What was involved was the law of proper authority over God's work and yoking together with unbelievers.

Incorporation goes to the state to seek its permission or approval to carry out the work of the ministry, &c. Along with the approval comes protection and strings. Thus far, though, the strings are not too tight. But one must realize that the final authority for incorporated "ministries" is a source other than the Lord, and that source's word in the past has been anything but dependable.

Evidently in central Indiana, incorporation was presented in the early 40's as an ideal means of protection from prospective problems. This offer in itself by an anti-Christ state should cause alarm. Clearly, the state is required to provide conditions for righteousness to freely operate. But does the Godly responsibility of the state include providing for and protecting the church?

There were and are three reasons used to influence ministries to incorporate: 1) Limited Liability, 2) Respectability, and 3) Perpetuity.

**1) Limited Liability:** the state sets the limits on the liability of the ministry. This point is very important as we consider incorporation of a ministry which is said to belong to God. Through incorporation, the **state** creates a body: a "person" after its own image, according to its standards and desires. This "person" now exists by the will of its creator, the state. It must be subject to the will of its creator, and as it subjects itself to the state, its creator protects it. The state sets the limits of its child's liability; then the "person" buys insurance to cover its limited liability. As the "person" who has been created by the state obeys the laws of its creator, its creator puts its umbrella of protection over its child. The parent, the state, then tells anyone who would seek to harm its "child," "You can come this far and no farther."

The state's promise of Limited Liability presents some problems:

**First**, who is to protect the church or any ministry which claims to be carrying out Christ's work on earth?

**Second**, *Whom the Father loveth, he chasteneth.* Does the state defend its child from the Father's chastening hand? Observe: *If a man will not work, he should not eat*, but because of the state's protective hand (welfare, food stamps, unemployment compensation, &c.), the laws of God can be violated even by God's people, and they will be fed. "Hunger is God's cure for slothfulness," but when the state intervenes with its social programs, the slothful man proliferates (Heb 12:6; 2 Thes 3:10). How can one preach against

the state's socialists programs that replace God and hinder His implementation of the things that will cure slothfulness, when the church through incorporation seeks the same protection of the state as its god from any *acts of God* which might call the church to consider its wicked ways? Instead of the corporation (church, ministries) looking to the Everlasting Father for safety and protection, in the eyes of the law, it looks to the state. This raises the question: "Who is the protector of the church or any ministry which is incorporated?" One may say, "The Lord is the protector," but God is not that protector in the eyes of the law. One of the reasons given for incorporating is the state's offer of protection.

Thus by incorporating, a ministry seeks to become a child of the state as it sought the state's protection. The church needs to make the break from the state; incorporation gives the state the authority to extract any price it desires from its "children." The state can "eat its own children" for its own welfare.

When the tie is cut from the false god, the state, the ministry will have to stay prayed up and right with God in order to have the Lord's protection. On the other hand, all it had to do as a corporation was send a small fee with the state's required information to have Babylon's protection. But we can be assured, it is only a matter of time before the small annual fee will increase to *all the treasures of the house of the Lord* if Babylon is not forsaken.

**2 Chron. 23:20**, *Because ye have forsaken the Lord, He hath also forsaken you.* The marriage to the state for permission to operate and for protection forsakes the Lord's protection. The chickens will come home to roost; the wild oats will grow (Chro 25:8; Hosea 10:4). It is the devil's lie that says God's ministries can link up with the state and 1) still be God's ministries (they are the state's!) and 2) avoid the results of being a State Church (Gal 6:7). Where are we going to look for our safety and protection?

We should keep in mind that though Christ was perfect in every area, the state still put Him to death. God received more glory in His death than in His life. Even if the church gets every area in line with the Word of God, it is still distinctly possible that God will receive more glory from our death than our life. But it's better to die for being right than for being wrong (1 Pet chapters 2 & 3). It's just a matter of time before there will be no more compromise to make - Then what? The line must be drawn, and the tie cut from the state.

Not only does the State create a new "person," or "body," with limited liability, it also creates:

**2) Respectability:** in the corporation, the state recognizes a person, a "fictitious person," a "non-

existing person," yet that person has all the rights, privileges and protections of a real person. This presents a problem. The "ministry" sought respectability in the eyes of the state, and will be respected as long as it remains obedient to its creator, but:

1. By whose grace is the local church to exist? God's or man's?

2. Who brought the local church into existence? Who is its creator? Who has the authority to create a local body to carry on the work of God? the state or the Word of God?

3. From whom must the church seek respectability? God or man?

4. By whose permission is a local church (or any ministry which carries out God's work) to exist? God's or man's? Not one time in the Book of Acts do we have a record of the apostles seeking civil authorities' permission to preach the Gospel. This 'oversight' created quite a bit of contention between the men and the civil authorities. Clearly, incorporation seeks the state's permission to exist.

Finally, we have:

**3) Perpetuity:** a never-dying "person." Instead of the person (organization) dying with the death of its founder, the state has created a never-dying person in the eyes of the law. In the corporation, the state, at its sovereign will, creates a person. That person will live forever by the grace and power of the state because the state breathed into the new corporate *body the breath of life*.

The state gives its new creation a set of laws to live by, and if its creation does not live by its laws, *thou shalt surely die*: the state refuses to recognize its creation any longer, or the state chastises its creation by withholding some of its benefits. Moreover, in the creation of the obedient body, the state not only tells its child it can live forever, but tells anyone who might want to harm its child in any way, "This is my never-dying child; this child has my protection as long as it lives, and its life span is not dependent on any creature created by God. Its life span is now dependent on my word - my authority - my power." Thus the life of the child is not dependent on God or God's Word.

Certainly, if the church or ministry is founded on the teachings of a person such as Moon, Mary Baker Eddie, Ellen G. White, Joseph Smith, Mohammed, or any who have died or will die, then it should be an incorporated, dependent child of the state; it will need its father's, the state's, protection. But the Founder of a

Biblical Church is still alive and will outlive any human creation, state creation, as well as any state, government, social order or race of people. *Heaven and earth will pass away*, but the Lord will not. The church's perpetuity must be found in the life of its Founder, the Lord Jesus Christ! Either He *ever liveth to* guide His body, protect it and establish its laws, or we have nothing better than what was offered by Mohammed. The state's life, provision and protection from enemies must be sought (Mat 28:18-20).

With sincere desires to serve God, numerous groups of people have besought the state to create and recognize them as corporations, "never-dying persons:" "churches," ministries, mission boards, &c. They acted upon the advice of secular lawyers (*i.e.* without God) or of people who had no grasp of Godly precepts involved.

Please note that the word "church" is being used very loosely. A New Testament church would be a group of people gathered together in obedience to and under the authority of the Lord Jesus Christ (Ac 2:36). If Christ's authority to establish a local church is given over to the state, is it still a group of people under His authority? Is it possible to recognize two authorities over the same body at the same time? (Lu 16:13). Who is the higher authority in an incorporated church? For lack of a better word, we will continue to use the word "church," although we are actually referring to a group of people operating under the authority of the state, a religious corporation.

Lord, help us to be right; give us the courage to do right even with *the prospect of the death of the cross*. If Christ could determine to do right as He viewed His horrible death on the cross, then how much more should we be determined to do right with the little aggravation that the state can cause? As we look at the past saints of God who gave all for being right, how much more should we be willing to give all for the cause of righteousness? We do not really have anything to give, not even our lives, because it is all His anyway (Heb 11:33-40; 1 Cor 4:7).

In closing this section, let us consider one more point: Article I, Section 8, of the Constitution grants to Congress the power to collect taxes. The power to tax is further described and limited in Article I, Section 2, paragraph 3, as well as in Section 9, paragraph 4. On the bases of these Sections, the courts have ruled that Congress has the power to lay and collect two distinct types of taxes: Direct and Indirect Taxes (Pollock v. Farmer's Home Loan and Trust Co., 157 U.S. 429, 15 S. Ct. 673, 39L. Ed. 759 [1895]). According to Black's Law Dictionary, Fifth Edition, p 415, the two taxes are defined as follows:

**Direct Tax** is referred to in Section 9: the tax levied by the individual states in the form of property tax.

**Indirect Tax** is referred to in Section 2: according to the court (Brushaber v. Union Pacific [1916]) and Black's Law Dictionary, this is a tax on the privileged manufacture, sale, or consumption of a commodity. This is the tax on a foreign businessman who has permission from the U.S. Government to do business within this Nation.

The other arm of the **Indirect Tax** is the tax on the acts and events of a privileged person, such as a corporation or licensed attorney. The people besought the state for creation as an artificial "person," corporation; they asked for and were granted specific privileges from the state: perpetual life, limited liability and respectability from the STATE (A complete treatment of these Direct and Indirect taxes can be found in Christianity and Civilization-Tactics of Christian Resistance, Vol. III, Edited by Gary North, Geneva Divinity School Press, Tyler, TX, pp 251-256, 1983).

When the group of believers went to the state and sought permission to carry out the great commission, they were granted the privilege, incorporated. Thus they are no longer a church in the eyes of civil law or in the New Testament sense of the word; rather, they are a religious organization. Therefore, the civil government now has the Constitutional and Biblical right to tax the privileged person it created. The privileged person must file for "Not-For-Profit" approval to be tax-exempt. There is no other way to look at this except to see that the government has the Constitutional, legal and Biblical right to demand whatever tax it desires from the privileged person of its creation, *viz.* the corporation. The corporation must submit to whatever tax pleases its creator, as well as any other desires of its creator.

The church who has not sought the state's privileged status as a corporation or a Not-For-Profit organization is immune from taxes under the Scriptures and under the Constitution (We might mention that seeking is not the same as being "forced" into a situation). When a "Free Church" takes its stand against government intervention, it obeys Romans 13; but when a "Bondage Church" stands against government intervention, it violates Romans 13. Both are commanded to be obedient to the authority over them, but each has recognized a different authority: one has recognized the state as its final authority, and the other has recognized the Lord God as its final authority.

Therefore, the answer is readily apparent for the incorporated church: "What about Rom 13?" Biblically,

it must submit to every whim of its authority, the state. Thus lawyers are justified in seeking compromised positions for the incorporated church: the “Bondage Church” cannot say no; rather, it must say, “Let’s find a compromise we can live with.”

“In theory, this sounds simple, but the practical application is different. I’m afraid I’ll lose my property.” This pastor must admit, that is certainly a difficult position to find one’s self in, but the question must be addressed: is the property ours to lose, or was it provided with money dedicated to God? Is it not His business if He sees fit to take it by whatever means pleases Him: the state, fire or wind? Furthermore, if Christ was despised for doing right, what can His followers expect? (John 15:20).

## Chapter II:

As we examine the church-state relationship, we must mention the not-for-profit (NFP) situation. Above is a copy of the opening page of Indiana’s Bulletin #17. Most, if not all, states probably have similar statements. The state’s claim as seen in bulletin #17 clearly presents the problem.

We had no choice but to remove the church from the state owned corporation. When we did, we also changed the name under which we purchase utilities. The power company had not charged sales tax, so when they turned us in to the state as being tax-exempt, we had no exempt number. Reviewing their files, the state found us. We received a request from the state to file for NFP status, so we could be tax-exempt. The above opening statement is only the “tip of the iceberg” of what was required in this application. We really did not worry about the rest of the form because the opening statement settled the question for us.

Clearly, the state is claiming total power and authority over everything right down to God’s tithes and offerings. Thus those who will submit to the state’s claim of authority can do as they please with the state’s blessings: “tax-exempt.” Hence, the major problem with the NFP recognition: to receive their ‘benefit,’ the group of people must submit to the authority of the state. NFP, though, can be obtained apart from incorporation.

[Does one want to open an abortion clinic and murder little babies? Then apply to the right people in this system and receive “tax-exempt” donations to continue the work, e.g. Planned Parenthood, Inc. Do you want to preach the gospel? Then apply to the same people in the same system, submit to their authority by seeking their approval and go on about your business, “Church, Inc.” Is it not strange how we feel the same system which gives permission for abortion, pornography, drunkenness and debauchery of all kinds, must also

give permission to preach the Gospel of the Lord Jesus Christ? Is this not the “FORCE” of Star Wars with its good side and its dark side? Why would someone desiring to serve the holy, righteous, sovereign Lord God of heaven and earth want to go to this type of power for permission to carry out His commands here on earth?]

## God’s Word

What does God’s Word establish about submitting the local church to the state through incorporation or NFP? This pastor wrestled with the problem until the Lord brought the following to light. Though we will be speaking specifically of local “churches” as we know them, what we will present can apply generally to individual Christians.

Though Daniel chapter three has been preached to death, the laws established by the Lord there neither have nor will change. Daniel chapters 1 through 6 were put here by the Lord to give us a proper view of Romans 13:1-5 (1 Cor 10:11; 2 Tim 3:15-17). It is impossible to conceive that the God Who changes not would have one set of laws for the Old Testament saints and another set for the New Testament saints. There is only one God, one Spirit and one mediator between God and man: the man Christ Jesus. Thus there is only one means of Salvation: the Blood Atonement. Therefore, there can be only one standard of holiness for His saints of all time.

Daniel three reveals King Nebuchadnezzar’s golden image: 60 cubits by six cubits. Six represents the number of man, so the literal image no doubt represented man’s wisdom, pride, might and power. The terrible image was meant to inspire fear and awe in the hearts of all who saw it (Compare this with the image of 2:31. There was probably an eighteen year laps between the dream and the image. Was the king trying to imitate the terrible image he saw in his dream?). Of course, the image carried with it the demand to bow or burn: face the full wrath of the civil authority.

Daniel 3:6 holds an answer for our confusing day as if it were written last year. Let us consider Albert Barnes’ comments in opening this section. Writing in 1851, long before our present day issue, he said:

“It was an act to enforce uniformity in religion by the authority of the civil magistrate, and to secure it by threatened penalties. It should be observed, however, that the command at that time would not be regarded as harsh and oppressive by *heathen* worshipers, and might be complied with consistently with their views, without infringing on their notions of religious liberty. The homage rendered to one god did not, according to their views, conflict with any honor that was due to another, and though they were required to worship the divinity,

that would not be a prohibition against worshipping any other. It was also in accordance with all the view of heathenism that all proper honor should be rendered to the particular god or gods which any people adored. The nations assembled here would regard it as no dishonor shown to the particular deity whom they worshipped to render homage to the god worshipped by Nebuchadnezzar, as this command implied no prohibition against worshipping any other god. It was only in respect to those who held that there is but one God, and that all homage rendered to any other is morally wrong, that his command would be oppressive. Accordingly, the contemplated vengeance fell only on the Jews, of every other nation, who were assembled, complying with the command without hesitation. It violated *no* principle which they held to render the homage which was claimed, for though they had their own tutelary gods whom they worshipped, they supposed the same was true of every other people, and that *their* gods were equally entitled to respect; but it violated *every* principle on which the Jew acted- for he believed that there was but one God ruling over all nations, and that homage rendered to any other was morally wrong. (Barnes' Notes, Daniel I, p 212, Baker Book House, Grand Rapids, MI).

Notice his conclusion:

Persecution of idolaters by those who were idolaters was rarely known among the heathen, and toleration was not contrary to the views which prevailed, provided the gods of the country were recognized (*i.e.* as long as all religions would recognize the authority or validity of others, there was no problem.), persecution was rare, and the toleration of other forms of religion was usual. According to the prevailing views, no mode of religion could be tolerated which would maintain that all the gods that were worshipped were false. Religion was supposed to be identified with the best interests of the state, and was recognized by the laws, and protected by the laws. To deny the claim, therefore, of any and all the gods that were worshipped; to maintain that all were false alike; to call on men to forsake their idols and to embrace a new religion - all this was regarded as an attack on the state. This was the attitude which Christianity assumed toward the religions of the Roman Empire, and it was this which led to the fiery persecutions which prevailed there. While Rome could consistently tolerate any form of idolatry that would recognize the religion established by the state, it could not tolerate a system which maintained that *all* idolatry was wrong. It would allow another god to be placed in the Parthenon, but it could not recognize a system which would remove every god from that temple. These [pagan] views may be thus summed up: (a) all the gods worshipped by others were to be recog-

nized [*e.g.* genocide treaty]; (b) new ones might be introduced by authority of the state; (c) the gods which the state approved and acknowledged were to be honored by all [*e.g.* abortion, &c.]; (d) if any person denied their existence, and their claims to homage, they were to be treated as enemies of the state. (c) The attempts made to produce conformity in countries where the *Christian* system has prevailed. In such countries, as among the heathen, it has been supposed that religion is an important auxiliary to the purposes of the state, and that it is proper that the state should not only *protect* it, but *regulate* it. It has claimed the right, therefore, to prescribe the form of religion which shall prevail; to require conformity to that, and to punish all who did not conform to the established mode of worship. This attempt to produce conformity has led to most of the persecutions of modern times (Ibid. pp 227-228. We have only reproduced a few portions of Barnes' very pertinent comments. Read the rest of his treatment of Dan 3).

**Observe: 1)** the heathen worshipers would not consider Nebuchadnezzar's command harsh or oppressive. In fact, it complied well with their beliefs in many gods, each due its respective honor. Thus as long as each religion recognized the validity of another, there was no problem. But any claim of exclusiveness by any one religion was a problem. And **2)** the command did not carry with it a command prohibiting the worship of other gods, including the Lord God. Required in the command was not an admission that Nebuchadnezzar's god was the only god, but that his god was the final authority in his land, and all other worship was under his authority (Cf. Keil-Delitzsch, v 9, Daniel, p 124, Eerdmans).

Is this not consistent with 2:47, *That your God is a God of gods, and a Lord of Kings and a revealer of secrets?* Thus the command in 3:1-7 is to recognize the authority of Nebuchadnezzar's god over all other gods; it was not against worshipping other gods; it was an act to bring all religions under the authority of the Babylon's civil government and magistrates.

### Modern view of religion

Thus today, civil magistrates see nothing wrong with demanding that all religions seek and submit to their authority. Though their demands contain threats of dire consequences against those who refused to bow to their claims of authority, it does not contain prohibitions against other religions and gods. In fact, their demands are quite the opposite, containing encouragements for other religions through "tax breaks." Not only do civil authorities see nothing wrong with their demands of homage, but 99% of those upon whom the demands are placed see nothing wrong with them.

Why? Because the demands do not prohibit the “Free Exercise” of the religion of one’s choice, as long as his religion claims not exclusiveness and recognizes the final authority of the state (Politically Correct). Thus the Church of Wicca obtains the same recognition from the state as does the Church of the Lord Jesus Christ.

Therefore, the state’s “freedom of religion” is very shallow; looking deeper, one sees finds attached which can be used later to control every movement and message of the “religious organization.” Some states exercise more control than others, but for now, the state’s primary requirement seems to be recognition of its authority over all religious practice, Biblical or pagan. Though the state appears to be headed toward total control, presently, its requirements do not seem to involve submitting *every* “religious action” to it for approval. It “simply” demands recognition as the authority over authorities, the chief god among the gods while not strictly prohibit other gods. History indicates that as long as the state is recognized as the god of gods who grants permission to worship other gods, it is satisfied to allow the worship of other gods, including the Lord God.

### **Both Institutional (Church) and Personal Religion**

Clearly, today’s civil magistrates see nothing wrong with demanding that everyone submit (bow) to their authority and fill out the forms. The forms do not prohibit the “free exercise” of the individuals’ or groups’ religion. Furthermore, most of those upon whom the demand is placed see nothing wrong with the demand because it does not carry with it a prohibition against the worship of or service to God as each person sees fit. All each person must do is recognize the state’s authority and each will not only have freedom to exercise his/her religious beliefs, but be encouraged in it, e.g. “tax-exempt.”

Barnes points out that the basic problem with Rome’s civil authority was its claim of authority to authorize the people to worship as they pleased. But the early Christians refused to recognize Rome’s claim; hence, the conflict between Rome and Christianity.

The conflict between Christianity and Rome was exemplified by Polycarp around A.D. 155:

Now, as soon as he had ceased praying, having made mention of all that had at any time come in contact with him, both small and great, illustrious and obscure, as well as the whole Catholic Church throughout the world, the time of his departure having arrived, they set him upon an ass, and conducted him into the city, the day being that of the great Sabbath. And the Irenarch Herod, accompanied by his father Nicetes (both riding in a chariot), met him, and taking him up

into the chariot, they seated themselves beside him, and endeavoured to persuade him, saying, “What harm is there in saying, Lord Caesar, and in sacrificing, with the other ceremonies observed on such occasions, and so make sure of safety?” But he at first gave them no answer; and when they continued to urge him, he said, “I shall not do as you advise me” (The Martyrdom of Polycarp, The Anti-Nicene Fathers, p 40. WM. B. Eerdmans Publishing Co. See also The Martyrdom of the Holy Martyrs, p 306. The Martyrs did not have to forsake the worship of Jesus; all they had to do was “offer the sacrifice with one accord to the gods”).

At the demand to “recognize civil authority or else”, many church leaders say, “I don’t see any problem as long as I’m permitted to carry on my religious beliefs.” Polycarp would have been able to continue his “worship” of the Lord by simply saying “Lord Caesar” and burning a little incense. His actions would have been unnoticed because everyone was doing it. His refusal and subsequent death for his refusal causes him to be exalted by many who today say, “As long as they don’t interfere.” Some leaders may submit and say, “Lord Caesar,” quietly burn their small bit of incense, and then justify their actions as did the small boy from the corner: “I may be bowing on the outside to your authority, but on the inside, I’m still standing up. Besides, God is interested in the heart being right. Lord, You know that I’m not really submitting to this authority, but in order to keep peace so I can go on about Your business of winning souls, I will bow on the outside. I’m bowing, but not on the inside, Lord.”

But is it good enough for the Lord for one to remain “standing” on the inside while bowing on the outside? Obviously, God prohibits His people from both outward and inward submission to any authority above His authority. The Commandments consider inward and outward submission to authority as one and the same. Not until 20:17 does the Lord make any distinction between inward motive and outward action: *Thou shalt not covet*. E.g. “Lord, I may be committing adultery on the outside, but I am not on the inside.”

Dan. 3:7, “*fell down and worshipped the golden image*” God makes no distinction between those who unwillingly and those who willingly bowed. God tells us that everyone who recognized Nebuchadnezzar’s authority to make them bow, even so they could continue with their individual religious practices, *worshipped the golden image*. Therefore, no matter how good the motives or intentions might be, submission to civil authority’s permission to worship God is bowing down to the image, i.e. idolatry (Exo 20:4, 5). Idolatry reap results *upon the children unto the third and fourth generation of them that hate me*. God is no respecter of persons; therefore, He will judge denial of His author-

ity when civil authority is sought to obey Him.

### The Church & Balaam

We should be reminded again that a New Testament Church is a group of people who have trusted Christ as their Substitute and Savior, and have recognized Him as both Lord and Christ (Ac 2:36). When a group of people submit the local church to civil authority, do they still have a church under the headship of Christ, or do they have a "religious organization" under the state? Read the incorporation papers; read the mailing stamp, and it will be obvious that the group is a state religious organization. God never approves the use of the world's means to do His work (Ro 6:1).

"But we are under Grace, not Law" expresses the desire to operate outside of God's Word. Observe: 1) Galatians 6:7-9, anytime one sows to the flesh, corruption will result, or God's Word is not true, and 2) the judgment of God is not according to how we feel it should be nor to our social standing but according to the Truth (*i.e.* the Law of God, Ps 119:142. Ro 1:18, 21; 2:2, 5-9, 11; Ja 2:9; 1 John 3:4; 1 Pet 1:17). The doctrine of "under Grace, not Law" has given the enemy an excellent opportunity to do his destructive work: *the error of Balaam for reward*. The Lord tells us that Balaam's doctrine was formulated to persuade God's people to compromise God's standards so the natural, destructive results would develop (Jude 11; Rev 2:14). Thus the sin, fornication, was used to turn God against His own people.

As destructive sins infiltrate under the cover of "under Grace, not Law," God needs not do anything except allow the natural results of death to develop (Pro 8:36. Cf. John 14:15- love for Christ is compared with obedience to His commands. Thus hate is defined as disregard of His commands, Hos 13:9. We are not saying that God does nothing against sin. Rom 2 tells us that God's action against sin is more often than not patience in rewarding sin {or, for that matter, in rewarding good: *be not weary*}. But evil, lawless men mistake His goodness and forbearance for God's ignorance of or winking at their sin, Ecc 8:11. Geneva: "Where justice is delayed, there sin reigns). Through *the error of Balaam*, the destruction of God's people, individuals &/or groups, *i.e.* incorporated NFP "religious organizations," is from within. *The error of Balaam* has been the most effective method of destruction against God's people ever devised: it makes sin look harmless, appealing and profitable to God's people. The devil needs not to roar; all he needs to do is purr and make sin appear harmless. By getting compromise accepted by whatever means at his disposal, *the wrath of God is revealed from heaven against all ungodliness and unrighteousness of men, who hold the truth in un-*

*righteousness*. Regardless of its location, His *wrath* is against *all ungodliness*.

### Some brief Conclusions:

1) the civil magistrates see nothing wrong with demanding all religious activity be submitted for their approval.

2) those who worship other gods see nothing wrong with the demand because it corresponds with their belief in many gods, each god receiving what he claims as his as long as none claim exclusiveness. (That is, none claiming exclusiveness except the state.)

3) the pagan idea of the validity of each god has infiltrated Christian circles: "It doesn't hurt to recognize another authority over the 'work of the Lord' as long as there is no prohibition against worshipping God as I see fit." Of course, there is no prohibition against "worshiping" God because this kind of "worship" is well within the heathen framework of many gods, each owed his individual respect as long as none but the state claim exclusiveness, *e.g.* respect each person's belief.

4) therefore, idolatry is recognizing any other authority, civil or otherwise, not only over, but on equal footing with the Lord God. Can a ministry, even under the name of the 'work of God,' serve two masters? Many attempt to live the impossible dream: the Lord said, "No servant can serve two masters" (Lu 16:13).

### Enemy from Within

Balaam taught Balak well: *the error of Balaam* has been dressed up, cleaned up and passed off as not really an important issue as long as one is allowed to "worship the Lord." "So what if we have to bow down to the image, as long as we can go back and win souls, preach the gospel, have Christian Schools and teach about Jesus. The state isn't hindering our religious freedom as long as we submit to it what it wants. The devil always has his most effective victories from within, and the state owned and controlled corporation is no exception. The little sin which he has convinced us is okay will not only be our ruin, but its effect will be felt for four or five more generations. The little sin that Balaam taught Balak to offer to God's people is destroying them and rendering them powerless to bring a revival to a wicked, ungodly, anti-Christ society. My, how we need some Phinehas' who will recognize what Balak has done and drive out the compromise (Num 25:7).

## Daniel

“It doesn’t hurt to bow to the image and submit to the civil authority so we can continue to have religious freedom. The civil authority is not hindering us from worshipping or serving God as we see fit, so what is wrong with recognizing that authority?”

The civil authority saw no problem with the demand. Nebuchadnezzar’s rule was known for its religious freedom. He allowed the conquered kingdoms to continue their religious practices with a certain amount of self-rule. If they would only submit their “worship” of the Lord God to his authority, they could “worship” the Lord God (or any god) as they desired. But the three young men clearly understood the law of God and the implications of bowing. Thus though the command involved no prohibition against “worshipping” the Lord God, they saw submission to the state’s authority before the image as idolatry. The rest of God’s people saw no problem, or if they did, they did not let their objections be known. They all submitted (bowed) to Nebuchadnezzar’s claim of authority over their religious beliefs and practices.

## The Issue

Thus we are confronted with the issue: if you will submit to the state’s claim of jurisdiction over your religious practices, you can practice whatever religion you please. Filling out the state’s forms does not presently prohibit soul-winning, prayer, assembly, preaching &/or teaching. In fact, the forms make these things more convenient. If you will only **notify** the authorities of your intention to carry out the great commission, they will put their stamp of approval upon it, and away we go - doing God’s work under the state’s protection and authority. Certainly, the state should provide protection for God’s work to prosper, but protection is not the issue. The issue is authority. No place does God’s Word imply the church should permit the state’s authority over the church.

But is it only a matter of **notification**? If it was, the forms would not be necessary. Rather, a simple letter notifying the state of the purpose of the group would be sufficient to secure the same freedom to practice religion as other groups have who file the forms. But a letter will not work. We received our letter from the state saying that because we did not fill out the forms, we are not longer tax-exempt as a NFP.

The vast majority of God’s people living in Babylon, the world system, see no problem or voice no objection to the demand *bow to the image* as long as they can continue “preaching the gospel.” Notice the ones who did not believe in the one true God also had to bow to the image to practice their religion.

Balaam has taught Balak well. Balaam has convinced God’s people that it is okay to bow to the image as long as bowing does not prohibit the worship of God and the carrying out of the great commission. It presently does not.

What our enemy has been unable to accomplish by outward pressure and cursing, he is seeing accomplished by inward pressure to bow to the image: “Bow, then you can preach the gospel with no interference.” The result is just as he knew it would be: a powerless gospel which leaves society in his hands. Moreover, because bowing does not prohibit carrying out the great commission, *i.e.* “preaching,” those who submit to the state and bow regard those who refuse to bow as a “cult,” or simply trying to make names for themselves by standing while everyone else bows (Please note that we use “carrying out the great commission” very loosely. Those who bow fail to teach all things *He has commanded*. They fail to teach that Christ is the final authority in all matters of faith and practice for the church & individual). Anytime the `work of God’ is submitted to civil authority in order to obey Scriptures through incorporation or NFP status, Exodus 20:4-5 is violated. The results will come to pass to the fourth and fifth generation. In fact, the fulfillment of God’s Word does not depend upon man’s believing it: *yea, let God be true, but every man a liar*” (Ro 3:4).

Is it hopeless as the large majority of God’s people bow before the image? No! God still has faithful men who stand in the face of the forces of compromise. The applied Truth of God’s Word will prevail.

## Another Problem

Let us consider a problem with the civil authority. When those making the demands see the rest of God’s people bowing so they can go on about the “Lord’s business,” they wonder about those who refuse to bow. Everyone but the three bowed. The percentage is probably about the same today - three out of thousands. Thus because the percentage who stand is so low, the civil authorities see them as just some hard-headed, stubborn people who are out of the mainstream of Christianity. Hence, the authorities gain encouragement to move against the three (We should mention that if all professed Christians stood for the freedom to worship the God of the Bible according to each group’s understanding of the Word of God, the state would lose its power. In other words, the unincorporated groups should support the right of incorporated groups to be state churches, and the state churches should support the right of unincorporated groups to be free of the state).

We are either salt or we are not. Gary North says it like this:

As godly people begin to restructure their behavior in terms of what the Bible requires, the world around them will change (*Backward Christian Soldiers?* Gary North, p 10, Institute for Christian Economics, Tyler TX 75711).

If the salt loses its saltiness, it will not prevent corruption. Rather than preventing corruption, it will be trod under foot by the corruption. As God's people bow to society's pressure to compromise, society gets worse, demanding more compromise (Mk 9:49, 50; Lk 14:34; Mat 5:13). The problem has never been and never will be the wickedness of the heathen; rather, it is God's people bowing to the pressure place on them by the heathens (Judges 6:1; 2 Chron 7:14; Isa 10:5,6). Moreover, the church that refuses to submit to civil authority in order to carry out the commands of her Lord will be mocked and criticized by those of 'God's people' who have bowed to the image (2 Tim 3:12).

Why do those who bow say that we make such a big deal over so little, *i.e.* NFP &/or incorporation? Because if they admit the issue is something to seriously consider, they will be forced to seriously consider it also. Therefore, they must keep the issue small or even refuse to admit a problem exists. Furthermore, those still standing after others have bowed draw attention to those who have bowed to the image. Many of the pastors we know who belittle the issue simply refuse to admit there is something worth standing for. Maybe some who ignore the issue are fearful that there is an issue requiring action. They may hope that if the issue is ignored, it will go away, but it has not "faded into the woodwork." Rather, the implications of being a state religious organization are being pursued by the state. Bowing, whether as an individual or as a church, to surrounding pressure is idolatry, Daniel 3:7, *fell down and worshipped*.

Though we read later of a malicious attempt against Daniel's praying, Nebuchadnezzar's demand with the image is mentioned neither as a malicious plan nor as a trap for God's people. The image and demand that everyone bow appear to have been in the natural course of the human history of the fallen nature. It was not until the order came to honor the image in equal place with God that problems developed. The demand of submission to authority contrary to Scriptural authority brought about the conflict with those who wanted to glorify God as God (Ac 5:29; Rom 1:21).

### The Charge & Response

The charge brought against the three Hebrew children is worth examining.

It was not a charge against them for refusing to serve Nebuchadnezzar or any other national (or local) god of Babylon. The complaint was not that they had

refused to offer the sacrifices or to honor the false gods in the past. It had probably been about 18 years between chapters two and three, and the complaint had never been raised before. *They serve not thy gods, nor worship* (Dan 3:12). The issue of not serving the false gods of the land did not come up until now.

Therefore, the charge was that they would not submit their religious beliefs to the civil authority and bow before the image. It was not until they refused to submit to the civil authority that other charges were brought to make the refusal to bow to the king's claim of authority over all religion appear much worse. No doubt their refusal to worship any false gods was already well known throughout Babylon, but their refusal was not yet an issue. At issue was their present refusal to submit their worship of Jehovah God to the state. It was not until the state made its demand that all bow to its image that the truth of what really happened came to light. Apparently, the state did not intentionally make the demand to "smoke out" those who would stand. Rather, it probably made the demand because it saw each already serving his god under the state's authority. Thus the state saw nothing wrong with demanding that all bow to its image. Everyone had served under the state's authority for so long that any refusal to take the next step before the image surprised the state.

But God knew what was needed and how to do it (Jer 17:6-11). By His grace alone can one understand the precepts of His Word in light of situations at hand and then stand up from his long held bowing position (Ps 119:27).

These Hebrews were accused of ignoring the king. Really, the accusation was of rebellion against him, yet they were not in rebellion against the king. Rather, they were against his command that was contrary to the clear instruction of God's word. Today, though, many of "God's people" would consider them rebels in any stand for God's Word over the state's word.

The enemies of God knew very well what the issue was. The Geneva Bible notes say for Dan 3:1:

Under pretence of religion, and holiness in making an image to his idol Bel, he sought his own ambition and vain glory: and this declares that he was not touched with the true fear of God before, but that he confessed him on a sudden motion, as the wicked when they are overcome with the greatness of his works. The Greek interpreters write that this was done eighteen years after the dream, and as may appear, the King feared lest after the dream, and as may appear, the King feared lest the Jews by their religion should have altered the state of his commonwealth: therefore he meant to bring all to one type of religion, and so rather sought his own peace than God's glory.

Moreover, notice Dan 3:12, *There are certain Jews that have not regarded thee: they serve not thy gods, nor worship the golden image which thou hast set up.*

Thus the God-hating crowd knew precisely what the issue was: Nebuchadnezzar did not forbid the “worship” of any god, but they knew that it involved the worship of another god. We find that many times the unsaved, anti-Christ crowd understands the issue far better than do God’s people. When we were working toward separating our church from the state, the banker holding the loans at the time clearly understood the precept of the state’s authority over any corporation and, thus, over an incorporated church.

We see, therefore, that it is idolatry to comply with any ordinance inconsistent with the total of God’s Word. Moreover, it is interesting that the Pulpit Commentary identifies the command to bow with an “attempt to enforce religious uniformity” (Daniel p 118).

Certainly, Christians owe civil magistrates obedience and honor; yet when magistrates overstep their Divine limits, they forfeit the Christians’ obedience. The magistrates stand in place of God to protect society from anarchy and harm: to reward good, to promote conditions for good to prosper and to punish evil as defined by God. Therefore, our loyalty, as always, belongs to the totality of Scripture, not to men nor institutions. When men become loyal to institutions and other men rather than to God’s Word, the door is opened for false cults. Only as institutions represent the basic premises of God’s Word do Christians owe them loyalty.

### The Response

Let us consider some points from Daniel 3:13-30.

Nebuchadnezzar was angry, yet he gave the young men a second chance. The order had already been given that anyone who did not fall down would be thrown into the fire immediately, yet he did not follow through with his order. Evidently, he respected the young men highly even in his fury and rage. He knew they served not his gods, yet their refusal was not an issue until they refused to bow to his image.

The boys did not stutter, but spoke right up. They had God’s Word upon which to stand, and they stood firm. *In this matter* the conflict was not in other unrelated matters, but only *in this matter*. They had been obedient, model citizens in a heathen nation. The conflict came when they were commanded to submit their faith to civil authority.

*Who is that God?* To civil authority, the Lord God is only a god among gods; thus they see no problem demanding the submission of Scriptural faith to their authority. Of course, if He was a god among gods, there would be no problem. But He is not, so thus the

problem. Civil authorities are to bow before Him, and this civil authority does shortly. Would civil authority have bowed before the Lord of Heaven if the “Lord of Heaven” had bowed before the civil authority here through these three young men?

*If so be* Their decision to stand was not made on the assurance of victory. As we talk to people about this issue, one of the first objections some make is the cost that might be involved. These three young men stood because they understood the *precepts* of God’s word involved; they stood with no regard for the cost. How many pastors have made their determination on when and where to stand based on what a lawyer told them it might cost? But if they are incorporated &/or NFP, there will be problems if one desires to stand against civil authority’s unBiblical pressure, viz. according to the Indiana NFP forms, the civil authority has the right to tax or regulate a NFP in any way it chooses. BJU proved the civil authority’s right over a NFP (*The Bomb and Its Fallout*, p 5. Bob Jones University, Greenville, SC 29614).

*But if not* Their only responsibility was to stand on *thy precepts*; the results were up to God. Standing faithful to the Lord is the Christian’s sole responsibility, duty and requirement (Ecc 12:13, 14; 1 Cor 4:2). Hence, the enemy’s primary job is to hide from the Christian his responsibility to God. The enemy does this through his expert use of lies and deceits. His lies tell us that we are responsible to win the heathen king, and the best way to win him is to bow down to his level. “Don’t compound the problem,” the liar says, “Look at how much more effective you can be if you will work with them. After all,” the lie goes, “if you are in the fire and are burned up, how will you be able to influence the ‘court’ around you? You have a responsibility, and if you are destroyed by fire, you won’t be able to carry it out.” As we have already pointed out, would the king have bowed before God if God’s three young men had bowed before the king’s image?

The argument is common in our day of compromise: “Bow to the civil authority so you can continue to be a witness and preach the gospel. How do you expect to reach Nebuchadnezzar and the civil magistrates if you don’t work with them? Look at what it will cost if you don’t submit to that authority over our Bible belief. If you don’t submit, it may cost you the buildings, members, tax-exempt status. Then what?”

The enemy has a long, thoroughly considered, reasonable list of things it may cost us if we do not submit the Biblical principle of authority to the civil government’s authority. Many of God’s people have bought his arguments. He is well-versed on what means to use to cause us to forget or ignore our responsibility to the

authority of God's Word. Our requirement is not to be fruitful, prosperous, successful, &c, but to be faithful to Him and His Word. The one and only thing for which we will answer is how faithful we have been in following the Word of God in every area of life and thought, according to the measure of grace provided by the Spirit (1 Cor 4:2; Mat 6:33).

The boys spoke right up and answered the civil authority in a very calm manner. They did not argue or fuss; rather, they quietly told him what the Lord God demanded of them. The civil authority became enraged; the magistrate could not imagine that anyone would have the nerve to resist his claim of authority over all religion; he was infuriated to think there was someone who would not recognize his authority.

*The most mighty men.* The civil authority turns loose its best against those who refuse to recognize its authority over their obedience to God's Word. Thus God's people see the heat, fiery furnace and the great army of mighty men, so they forget that God is the one who established them. They are there only because God permitted it. Furthermore, we are currently in the "hot spot" because God's people in the past have refused to take a stand on the Lord's authority: they willingly bowed down to the surrounding false gods of the heathens, and now bowing is expected of everyone.

*And yielded their bodies.* These four words are Romans 12:1 in action. Yielded bodies to the Lord is not some mystical experience nor feeling. Rather, it is trusting in Him, and then "forcing," if necessary, our bodies to obey His word. Those who bowed to the demands of civil authority over their obedience to God's Word can claim they have yielded their bodies to the Lord God all they want, but they have not. Rather, they have yielded their bodies to the demand of the civil magistrate contrary to the principles of the Word of God. Thus the principle of idolatry in this situation cannot be avoided.

These young men feared God more than they feared man, the king and his fire (Mat 10:28). Because they feared God, when the time to choose came, they *obeyed God rather than man.*

Notice that the king knew the issue, *viz. That they might not serve nor worship any god, except their own God.* Can we honestly believe that, as a rule, the civil authorities making their demands do not know what they are doing? The King of Babylon sure did. It is God's people who have bowed who will not admit the issue.

Thus *yielding* the body in accord with the Word of God must be an act of one's will: a determination that he will not allow any part of his body to do anything that is contrary to God's Word from the mind to the feet.

It was not until after they *yielded their bodies* that God sent His angel to deliver His servants who trusted in Him. It was after they stood that the Lord changed the king's word. Trusting in Him results in yielding the body to Him. Those who "bow" or "submit" to the demands of the state contrary to the clear requirements of God's Word because they fear loss or cost have not submitted totally to Him. One cannot submit equally to two masters (Mat 6:24; Luke 16:13). These young men of Daniel show us that it is not our business if our bodies are yielded to Him and burn anyway. Rather, it is the Lord's business. It is certainly easy to say and hard to apply, but our bodies are not to be our concern; our concern is to obey our God.

*Ye servants of the most high God.* It was not until they refused to bow that the civil authority recognized that they were *servants of the most high God.*

Thus we see the state requiring the registration and regulation of all religion. If the religion will register and submit to regulation, then the state will protect the religion; if the religion refuses to register and submit, then the state looks at the religion as its enemy to persecute to the fullest extent of the "law."

Admittedly, the choice provided by the state is very difficult: either submit to its authority and have peace, protection and prosperity, or refuse their claim and have persecution and pain. What a choice- but persecution over the past centuries has worked to keep the church strong and pure (1 John 2:19).

In conclusion, we see that unGodly civil authority punishes those who refuse to submit their worship of the Lord God to its claim of authority, considering the unsubmitive as sinners, *e.g.* Polycarp was called an Atheist because he would not say, "Caesar is Lord."

The historic issue has been that Christ does not need anyone's permission to operate. From the time of Rome, the state has said, "You can worship Christ if you will seek our approval." But when obedience to God is submitted to civil authority, what do we have but a state-sanctioned religious organization? Read the Forms.

In light of history, our "religious freedom" at the end of the twentieth century is not freedom but "religious toleration." In other words, if you will submit to the state's authority, it will tolerate your manner of worship. Those who say that genuine "freedom" and our current "toleration" are the same must ignore the facts. We received the letter saying that if we would seek their approval, we would have freedom from taxes. ("The power to tax is the power to destroy.") We did not seek their approval, so they sent us another letter saying that because we did not seek their approval, we must pay the sales tax. If we truly had "religious freedom," those who seek not their approval would

enjoy the same “benefits” as those who seek their approval.

We are living in an idolatrous generation with which we are commanded not to keep company. God identifies covetousness as idolatry (1 Cor 5:10; Col 3:5). Does this not prohibit the use of God’s money, tithes & offerings, to support state created religious organizations regardless of their name, e.g. “churches,” “college,” “mission boards,” &c.? The name cannot hide the fact that they are state-created, state-owned and state-controlled religious organizations if they are incorporated &/or a NFP organization.

Certainly, we can purchase goods &/or services from religious organizations the same as can be purchased from any other business. But is God’s money, tithes & offerings, to be used for God’s work or to purchase goods &/or services from “religious organizations?” God’s work is to be accomplished in His way and under His authority. But obviously, God can and does use any means, organizations, persons &c., pleasing to Himself to bring glory to Himself. God used many pagan Babylonian kings and systems to glorify Himself. Though God uses paganism for His own glory, the prospect of monetary benefit that causes groups of people to submit God’s work to the state is still idolatry (Eph 5:5. Let us avoid placing the Lord God of all creation into our restricted “theological box.” God works not according to our understanding, but His).

Men more interested in financial benefit than in making Christ Lord over every area of life, especially over His Church, are a mark of the end times (2 Tim 3:2). Our Lord warned us, *Take heed, and beware of covetousness* (Lu 12:15). Peter sums it all up: *And through covetousness, false teachers, appearing as Christ’s apostles, deny the Lord and His authority over His church. Moreover, they may even speak evil of those who refuse to compromise His authority* (1 Pet 4:4). They speak evil because of the monetary benefit which comes from submitting the “religion” or church of the Lord Jesus Christ to civil authority (2 Pet 2:1-3; 2 Cor 11:13-15).

To submit the Great Commission to civil authority, as we are asked to do through incorporation, is idolatry. Furthermore, to submit God’s tithes and offerings to the civil authority, as we are asked to do through the not-for-profit, is idolatry no matter how many pleasant words are used to gloss it over. In the past, submission of the church to the civil government was recognized as idolatry, but for some reason, 1900 years apparently has changed the principles involved (Polycarp, qv.) It does not matter if the whole kingdom of Babylon bows to the image and submits to Nebuchadnezzar’s claim of authority over the Lord’s work, other’s submission

does not change the Word of God.

Our prayer should be that the Lord would see fit to give us both wisdom and courage to stand true to Him and His word in the face of social, economic, religious and political pressure. Moreover, we should pray that He would work in us both to will and to do His good pleasure in spite of the “fire” involved with the civil magistrates’ demand of authority over all religious practice.

### Chapter 3: A Concluding Thought

We should make one last point. Dr. R.J. Rushdoony points out that the Moloch worship in which God’s people partook was no more than the worship of the state, statism (1 Ki 11:7, 33). He says,

Moloch worship was thus state worship. The state was the true and ultimate order and religion was a department of the state. The state claimed total jurisdiction over man; it was therefore entitled to total sacrifice. For a state to claim total jurisdiction, as the modern state does, is to claim to be as God, to be total governor of man and the world. The Moloch state is the product of apostasy. When a people reject God as their King, and make a man or the state their king, God declares the consequences (The Institutes of Biblical Law, Craig Press, pp 33-34. 1 Sam 8:7-9. I would recommend strongly that you read Dr. Rushdoony’s treatment of Moloch worship).

We are now brought to a difficult situation concerning incorporation or the registration with the state as a NFP organization in order to do God’s work. In this submission, God’s people reject God as their King (final authority) and replace His authority with the state’s.

The minor prophets dealt with this very thing. Notice especially Zep 1:5, *and them that worship and that swear by the LORD, and that swear by Malcham (Moloch)*. Thus God’s people attempted to serve both the LORD and the state. God warned them, but they said, *The LORD will not do good, neither will he do evil* (Zep 1:12). “He doesn’t care if I have to submit to another authority (incorporation/NFP) as long as I can go ahead and do His work.” The LORD clearly points out that this cannot be done.

E.B. Pusey says of Hosea 2:5,

For whoever receives the gifts of God except from God and in God’s way received them from devils. Whoso seeks what God forbids, seeks it from Satan, and holds that Satan, not God, loves him: since God refuses it, Satan encourages him to possess himself of it. Satan, then, is his lover (Barnes’ Notes, Minor Prophets I, p 30).

Thus seeking the state’s protection and provision through incorporation or NFP status is devil worship

under this principle laid down in the Old Testament. These principles are given to us for our instruction in righteousness today. When His people try to worship (submit to) both Him and the state, there is judgment ahead. No man can submit to two different authorities, nor will God share His glory with another (Isa 42:8; Acts 12:23).

Our beloved country can spend the total GNP on defense, but unless those who claim to be His people stop submitting the work they are doing in the Lord's name to the state, God's judgment is sure to come against all ungodliness, against all who refuse to *glorify him as God* (Psa 127:1; Pro 21:31; Rom 1:21). Modern Moloch worship is extremely prevalent in the church-state marriage relationship, *i.e.* incorporation &/or NFP. The secret church-state marriage where the church seeks benefits from the state is devil worship (Note the secrecy & convince the state provides to deny the Lord: churches do not have to place Inc. after their name). Then the church stands "amazed" at the rise of open devil worship in society. Throughout history, God has raised up God-hating heathens to chastise His people. What is to prevent His doing the same today? (Jer 25:9; 27:6; 43:10, &c. should cause God's people to fear their Lord. Geneva on Jer 25:9, "So the wicked and Satan himself are God's servants, because he makes them serve him by constraint and turns that which they do out of malice to his honour and glory." See also 1 Cor 5; Heb 12).

The only time any other authority can be submitted to is when submission does not conflict with the established truths of God's Word. All the pleasant words of "we are His special people" will do no better today than they did for those to whom Jeremiah spoke in their refusal to submit totally to their Redeemer and LORD. Nor did the Israelites of Paul's day who

claimed special privileges when they refused to submit to the Lord Jesus Christ find special privileges. They vainly said "Abraham sits before the gate of hell and does not allow any circumcised Israelite to enter in there." (Romans, Charles Hodges, Banner of Truth Trust, p. 70. See also Mat 3:9).

But we must not forget that our God delights in mercy; His delightful mercy is available to His people right up to the final day of judgment. Anyone who will turn back to Him and seek His righteousness can claim His mercy. (Mic 7:18; Zeph 2:1-3 (Compare Zeph 2:3 & Mat 6:33); Pro 28:13, 14, &c). If His people will break their ties with Moloch, He can do some marvelous works through them. If they do not, then God have mercy on this land that we dearly love (Zeph 3:1-7).

God will judge this land for the sins of His people. One sin is identified as linking up with the state for the financial benefit in order to do "His Work." This sin is called covetousness, and has God's wrath against it (Jer 6:13; 8:10; 51:13; 6:13). Only by repenting of Moloch (Malcham, Satan) worship by those who are called by His name can there be any hope for any kind of a Christian future for America.

#### **Copies of Forms and Letters Following:**

Annual Report.  
 Back of Annual Report.  
 Form 300N - Letter from the State.  
 Letter of Instructions - Form ST 200  
 Questionnaire - For NFP  
 Form IT-35A  
 Back of IT-35A  
 Letter to Department of Revenue.  
 Back of Above Letter  
 Letter From State

Gibbs & Craze admitted to me on the phone they do not know what all is involved with this form. Will not know until it gets into court.

Form <b>8274</b> (July 1984) Department of the Treasury Internal Revenue Service	<b>Certification by Churches and Qualified Church-Controlled Organizations Electing Exemption from Employer Social Security Taxes</b>	File in Duplicate
Please type or print	Full name of organization	Employer identification number
	Address (Number and street)	City, State, and ZIP code
	1. Admits Authority to State. 2. Becomes a tax-collector. 3. What information? ect. 4. Who is to qualify a Church? 5. State defines what a Church is. 6. Filing this form admitted the above.	
	If exemption is based on a group ruling, give full name of central organization	

**Purpose of Form.**—By filing this form, the organization named above elects exemption from employer social security taxes by certifying that it is a church or church-controlled organization which is opposed for religious reasons to the payment of social security taxes.

**Effect of Election.**—This election applies to all current and future employees of the electing organization for services performed after December 31, 1983. However, this election does not apply to ministers of a church, members of a religious order, or to services performed in an unrelated trade or business of the church or church-controlled organization. The organization may not revoke the election.

The electing organization is required to continue to withhold income tax and to report the tax withheld and wages, tips, and other compensation paid to each employee on Form W-2, Wage and Tax Statement, and to file Form 941E, Quarterly Return of Withheld Federal Income Tax (or Form 941, Employer's Quarterly Federal Tax Return, if the organization has employees whose wages are not exempted by this election (such as those engaged in unrelated business activities) and remain subject to employer taxes). This election shall be permanently revoked if the organization fails to file Form W-2 for 2 years and fails to furnish the information upon request by the IRS.

Employees receiving compensation of \$100 or more in a year from the electing organization are subject to self-employment tax on the compensation. They will be considered employees for all other purposes of the Internal Revenue Code including the withholding of income tax.

Organizations filing this form who have reported and paid social security taxes on Form 941 for services performed in 1984 prior to making this election, can receive a refund of these taxes by filing Form 843, Claim, with the Internal Revenue Service Center where they filed Form 941. The refund will be made without interest and is conditioned upon the organization agreeing to pay to each employee (or former employee) the portion of the refund attributable to the employee social security tax. This may be accomplished by adding the following sentence in the explanation section on the Form 843: "I agree to repay promptly any withheld employee social

security tax to each employee or former employee covered by the election on Form 8274 on which the claim is based." The Service Center will process the claim faster if it is marked "Section 3121(w)" above the title on Form 843 and if Form 8274 accompanies it.

**Who May File.**—Churches and qualified church-controlled organizations (defined below) who are opposed for religious reasons to the payment of social security taxes may elect exemption from the taxes by filing this form.

The term church includes conventions or associations of churches. It also includes an elementary or secondary school that is controlled, operated, or principally supported by a church (or conventions or associations of churches).

A qualified church-controlled organization includes any church-controlled tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code except an organization that:

1. offers goods, services, or facilities for sale, other than on an incidental basis, to the general public AND
2. normally receives more than 25 percent of its support from the sum of governmental sources and receipts from admissions, sales of merchandise, or furnishing of facilities in activities that are not unrelated trades or businesses.

Goods, services, or facilities which are sold at a nominal charge substantially less than the cost of providing such goods, services, or facilities are not included in 1 above.

An organization which meets both conditions 1 and 2 above will be excluded from the definition of a qualified church-controlled organization and therefore not eligible to file this form.

For example, a church-controlled hospital will generally meet both conditions and will not qualify to make the election.

However, a seminary, a religious retreat center, or a burial society will generally qualify to make the election regardless of its funding sources because it does not offer goods, services, or facilities for sale to the general public. A church-run orphanage or home-for-the-aged may qualify if not more than 25 percent of its support is from admissions, sales of merchandise, or furnishing of facilities in other than unrelated trades or businesses plus from

governmental sources. Auxiliary organizations of a church such as youth groups, women's auxiliaries, church pension boards and fund-raising organizations will generally be eligible to make the election.

**When to File.**—Any organization in existence on September 30, 1984, must file this form by October 30, 1984. Any organization created after September 30, 1984, must file prior to the first date on which a quarterly employment tax return would otherwise be due from the electing organization.

**Where to File.**—File with the Internal Revenue Service Center for the State in which the church or church-controlled organization is located, as listed below.

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holttsville, NY 00501
New York (All other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
District of Columbia, Delaware, Maryland, Pennsylvania	Philadelphia, PA 19255
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84204
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501

Churches or church-controlled organizations in Guam, American Samoa, the Virgin Islands, or Puerto Rico should file this form with the U.S. Internal Revenue Service Center, Philadelphia, PA 19255.

If you are already filing Form 941, file with the Internal Revenue Service Center where you are filing the 941.

**Filing Instructions.**—Complete this form by supplying the information called for. An authorized official of the church or the qualified church-controlled organization must sign the form. Send two copies to the appropriate IRS address. Keep a copy for your records.

<b>Sign Here</b>	I certify that the above named organization is a church or qualified church-controlled organization, as defined in section 3121(w) of the Internal Revenue Code, which is opposed for religious reasons to the payment of employer social security taxes, and elects not to be subject to such taxes.		
	▶ <b>Nothing here prevents this from being added to.</b>		
	(Signature of authorized official)	(Title)	(Date)

The information The signing of this gave the Government a blank check. No one yet knows what this includes. This is the Romanist definition of a 'church' not the Bible definition. To file this admitted the authority of Caesar over the 'church' as well as made the 'church' a tax collecting arm of the Government.

21760

**INDIANA ANNUAL NOT-FOR-PROFIT CORPORATION REPORT**

State Form 2423R6/Corporation Form 121  
 Prescribed by Edwin J. Simcox, Secretary of State

Send completed form and fee to: **SECRETARY OF STATE**  
**P.O. Box 5501**  
**INDIANAPOLIS, INDIANA 46255**

PRESORTED  
 FIRST CLASS MAIL  
 U.S. POSTAGE  
 PAID  
 Indianapolis, IN  
 PERMIT NO. 2682

Phone: (317) 232-6591

Corporate Name and Principal Office Address

This report is for year ending Dec. 31, 1985  
 Other Year reported on this form

3084007 02 \* 04 09 53 \* NOT-FOR-PROFIT 3  
**NEW TESTAMENT BAPTIST CHURCH**  
**120E E PLUM ST**  
**LINDEN 47955**

Date of Incorporation or Admission  
**FILING FEE \$10.00 (\$14.00 if Section "C" is completed.)**

**FILING DEADLINE — LAST DAY OF FEBRUARY**

Dear Corporate Officer:

My administration is committed to simplifying the filing requirements for your corporation in Indiana. Toward that goal, this annual report has been designed to be understandable and easy to complete while still complying with the requirements of Indiana law. My staff will be glad to answer any questions you might have. Please contact them at the telephone number and address listed at the top of this report.

Sincerely,



Edwin J. Simcox  
 Secretary of State

**INSTRUCTIONS:**

1. Answer all questions. If a question is not applicable, indicate N/A. If no moneys were received or disbursed, please indicate NONE. Attach additional 8 1/2" X 11" sheets if necessary for complete response.
2. Sign Section "A" below (in shaded area).
3. For changes in RESIDENT AGENT and/or PRINCIPAL OFFICE ADDRESS, complete Section "C" below, and add \$4.00 to the \$10.00 fee.
4. ENCLOSE CHECK OR MONEY ORDER payable to Secretary of State in the amount of \$10.00 (\$14.00 if Section "C" below has been completed). Make a photocopy for your records and mail completed form by the end of February.
5. BEFORE THIS REPORT CAN BE ACCEPTED:
  - a. All sections must be fully completed.
  - b. Section "A" must be signed.
  - c. Check or Money Order in the amount of \$10.00 (\$14.00 if Section "C" has been completed) must be enclosed.

<b>TO BE VALID YOU MUST SIGN HERE</b>	<b>A</b> I hereby verify, subject to penalties of perjury, that the facts contained herein are true. (Notarization not necessary.)	
	Signature of Current Corporate Officer (must be listed in Section E, Part 1)	Title

<b>B</b>	<i>If not pre-printed you must complete:</i>	Name and Address of Resident Agent
		<b>ROBERT PADDOCK PO B LINDEN 47955</b>

<b>C</b>	<i>Complete ONLY if change occurred</i>	Mailing Address of Principal Office is now:	<b>NOTE:</b> An additional fee of \$4.00 is required.
	<b>NOTICE OF CHANGE OF PRINCIPAL OFFICE AND/OR RESIDENT AGENT.</b> This change was authorized by the Board of Directors.	Resident Agent of Corporation in Indiana is now:	
		Mailing Address of Resident Agent is now: (must be Indiana address)	

**D** **IMPORTANT: FILING DEADLINE LAST DAY OF FEBRUARY**  
**FILING FEE \$10.00 (\$14.00 IF SECTION "C" COMPLETED)**

3084007 02 * 04 09 53 * NOT-FOR-PROFIT 3 <b>NEW TESTAMENT BAPTIST CHURCH</b> <b>120E E PLUM ST</b> <b>LINDEN 47955</b>	This report is for year ending Dec. 31, 1985 Other years reported on this form: 10	Amount Enclosed \$ _____
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Please check if change of principal office and/or resident agent has occurred (\$4.00 must be added to the \$10.00 fee)

Please check if filing for more than one year.  
 Filing fee \$10.00 per year.

**FEE MUST BE INCLUDED WITH FORM**

3084100759000100001000140030265



STATE OF INDIANA



INDIANAPOLIS, 46204

DEPARTMENT OF REVENUE  
STATE OFFICE BUILDING

FORM 300N

December 27, 1985

Linden Baptist Church  
§ Thelma Rice  
R.R. 1 Box 43  
Linden, IN 47955

Dear Taxpayer:

We are currently reviewing our files for sales tax exemption on utilities. The records from Tipmont REMC show that you have been exempt on your purchase of electricity. However, we do not have an approval for you on file with the Department of Revenue.

Even though duly qualified and properly registered not-for-profit organizations are obviously exempt, we must have the valid exemption certificates on file with our office and with your utility company. Therefore, I am sending you an application for exemption (ST-200), a letter of instructions for this form, and a Sales Tax Bulletin #10. Your Not-For-Profit number must be on your application. If you have a question about your number, you should contact Janice Barton, 232-2188. It will not be necessary for you to fill out a separate ST-200 for each meter if you attach a separate page listing all meters. This list should include both meter and account numbers. You must, however, have a separate application for each utility company and a copy of the utility bill showing the name to which the account is billed.

This application must be filed with our office within 30 days. If we do not receive the application requesting exemption, we will assume you are not eligible and will notify your utility company to start charging you sales tax.

If you have any questions or need additional forms for other utilities, please feel free to call Brian Hammond in our office at (317) 232-2339. All correspondence should be directed to: Indiana Department of Revenue, Sales Tax Division; Room 208, State Office Building, Indianapolis, Indiana, 46204.

Sincerely,

*Andrea McConahay*  
Andrea McConahay  
INDIANA DEPARTMENT OF REVENUE

AM:asp

"Equal Opportunity Employer"

ONLY as the "church" recognizes the state's authority over them can they receive this "benefit". When this recognition is made, who is now the authority over the "church". Can a "church" have two masters?

## STATE OF INDIANA



INDIANAPOLIS, 46204

DEPARTMENT OF REVENUE  
STATE OFFICE BUILDING

LTR-200 (Rev. 12/85)

## LETTER OF INSTRUCTIONS FOR FORM ST-200

Enclosed are the necessary forms to be complete and returned to the Sales Tax Division, Department of Revenue, for review for exclusion from sales tax on your purchase of utility service(s). Please review Information Bulletin #55 before completing your application.

When completing the application, be sure to provide all applicable information. Any missing or incomplete information may cause delays in the review of your application.

A separate application must be completed for each type of utility service and each meter.

The name on the utility bills must be the same as that for which the exemption is requested. To verify this a copy of the utility bill should be enclosed with the exemption application.

On the reverse side of the application, you will need to provide a brief paragraph explaining your use of the utility service. Under the section entitled "Supporting Schedule", you need to list the following information:

- (1) Each piece of equipment connected to meter (production and non-production);
- (2) Function of equipment;
- (3) Power rating of the equipment listed;
- (4) Hours of operation of the equipment;
- (5) Total energy consumption during previous calendar year of each equipment identified.

Duly qualified and properly registered not-for-profit organizations and government entities need only provide an explanation of the use of the utility service.

Please be sure to sign and date your application. Applications with no signature or date, listing more than one meter or utility company, or without a copy of the utility bill will be returned to the taxpayer. Please include your telephone number.

The foregoing information is necessary in order for the Department to justify the exclusion granted to the taxpayer. In the event the exclusion is not granted, additional information may be forwarded by directing correspondence to: Indiana Department of Revenue, Sales Tax Division, Room 208, Indianapolis, Indiana 46204; or a conference to discuss the denial may be requested in writing.

Should you have any questions, please feel free to call us at (317) 232-

"Equal Opportunity Employer"

Note that this form clearly requires submission to their authority with the "inducement" being "Not-for-Profit" status. Again, this is Indiana requirements but I would challenge anyone to apply for "Not-for-Profit" with just a letter requesting it. See what will happen. I am certain these requirements are typical of any state.



Q U E S T I O N N A I R E

(To be completed by churches registering as not-for-profit organizations with the Indiana Department of Revenue)

1. Has your organization been granted recognition of exemption from federal tax? If so, please attach a copy of the federal determination letter (letter from the Internal Revenue Service) showing under what section of the Internal Revenue code exemption from federal tax has been granted.
2. If you have by-laws and/or constitution, articles of incorporation or other documents pertaining to your organization, please attach a copy of each.
3. Do you have a recognized creed and form of worship? If so, please attach a copy or provide an explanation.
4. Do you have a formal code of doctrine and discipline? Please provide a copy or an explanation.
5. Do you have a membership not associated with any other church or denomination? Approximately how many members does your church have?
6. Is your minister(s) ordained? If so, please attach some evidence or ordination. In what manner was he ordained? Did he complete a prescribed course of study? PLEASE PROVIDE NAME AND ADDRESS OF MINISTER.
7. Do you have an established place of worship? Please describe.
8. Do you have regular religious services? What are the length and frequency of such services?
9. Do you conduct a church school ("Sunday School") for the religious instruction of your members? Is this a regular weekly activity?
10. Assuming that one of the purposes for which you are making application as a not-for-profit organization is to obtain a sales tax exemption, for what purposes do you expect to use such an exemption?
11. Please attach a copy of the church's latest financial report.

**"Equal Opportunity Employer"**

When a group of people file this they admit they are not a church but are a state registered and regulated organization.



**FORM IT-35A**  
**APPLICATION TO FILE AS A**  
**NOT-FOR-PROFIT ORGANIZATION**  
**STATE FORM 21013R (Revised 1985)**

**NOT FOR USE BY GOVERNMENTAL UNITS OR AGENCIES,**  
**CO-OPS, WATER COMPANIES, ETC**  
 This application shall be available for public inspection  
 in accordance with IC L 2 1 3

PART I		THIS AREA FOR DEPARTMENT USE ONLY	
Full Name of Organization			Type
Mailing Address			E
City			Intr.
Date Incorporated or Formed	End Month of Fiscal Year	Retail Merchants Certificate No.	Federal ID No.
Name and Phone No. of Person to Contact			
Indicate type of organization below and attach a copy of your organizing and operational documents as indicated for each entity: <input type="checkbox"/> CORPORATION — (Articles of Incorporation, bylaws) <input type="checkbox"/> TRUST — (Trust Indenture) <input type="checkbox"/> OTHER — (Constitution or articles, bylaws)			
What is the predominant purpose of your organization?			

PART II	
<b>1. Type of Organization (Check only one in A, B or C)</b> <b>A. Specifically described in (IC 6-2.1-3)</b> <input type="checkbox"/> (1) Church <input type="checkbox"/> (3) Monastery/Convent <input type="checkbox"/> (5) Public School <input type="checkbox"/> (7) Pension Trust <input type="checkbox"/> (2) Hospital <input type="checkbox"/> (4) Parochial School <input type="checkbox"/> (6) Labor Union	
<b>B. Organized and operated exclusively for one or more of the following reasons (IC 6-2.1-3)</b> <input type="checkbox"/> (1) Religious <input type="checkbox"/> (3) Scientific <input type="checkbox"/> (5) Educational <input type="checkbox"/> (7) Corporation organized for 1 through 6 <input type="checkbox"/> (2) Charitable <input type="checkbox"/> (4) Literary <input type="checkbox"/> (6) Civic <input type="checkbox"/> (8) Student Cooperative Housing	
<b>C. Organized and operated exclusively for one or more of the following reasons (IC 6-2.1-3)</b> <input type="checkbox"/> (1) Fraternal (including fraternal beneficiary societies) <input type="checkbox"/> (2) Social <input type="checkbox"/> (4) Business Association <input type="checkbox"/> (3) Business League	
2. Has this organization filed State Income Tax returns previously?	<input type="checkbox"/> No <input type="checkbox"/> Yes — If so, state the form no. and years filed
3. Has this organization applied for exempt status previously?	<input type="checkbox"/> No <input type="checkbox"/> Yes — If so, explain why reapplication is necessary
4. Does your organization offer to sell any merchandise for a period of more than 30 days in a calendar year?	<input type="checkbox"/> No <input type="checkbox"/> Yes
5. Does your organization rent or lease any equipment or personal property to others?	<input type="checkbox"/> No <input type="checkbox"/> Yes
6. Does your organization rent or lease any real property to others?	<input type="checkbox"/> No <input type="checkbox"/> Yes
7. Does your organization receive rent for rooms or other accommodations subject to sales tax?	<input type="checkbox"/> No <input type="checkbox"/> Yes — If so, enter name and address of Parent or Central organization
8. Does your organization own or operate any of the following? <input type="checkbox"/> Restaurant <input type="checkbox"/> Swimming Pool <input type="checkbox"/> Golf Course <input type="checkbox"/> Bar <input type="checkbox"/> Clubhouse	<input type="checkbox"/> No <input type="checkbox"/> Yes — If so, check those applicable
10. Is a separate admission or membership fee charged for any of the above?	<input type="checkbox"/> No <input type="checkbox"/> Yes — If so, explain
11. Does your organization conduct fund-raising activities by any of the following methods? <input type="checkbox"/> Food Service <input type="checkbox"/> Dances <input type="checkbox"/> Raffles	<input type="checkbox"/> No <input type="checkbox"/> Yes — If so, check those applicable
12. Is the organization a membership organization?	<input type="checkbox"/> No <input type="checkbox"/> Yes — If so, describe the membership requirements and attach a schedule of membership fees and dues.

Read this form. When a group of people asked to be approved by the state and signed this form they admitted their group ("church") was no better or worse than the other groups in Part II, #1.

How then can this "church" complain when the same requirements are placed upon them as might be placed upon a Labor Union? They admitted they were the same type of organization. Are they?

Check the back side. It will not only confirm but strengthen this conclusion.

<p>13. Have the recipients been required or will they be required to pay for the organization's benefits, services, or products?  <input type="checkbox"/> No                      <input type="checkbox"/> Yes — If so, explain and show how the charges are determined</p>
<p>14. Does or will the organization limit its benefits, services, or products to specific classes of individuals?  <input type="checkbox"/> No                      <input type="checkbox"/> Yes — If so, explain how the recipients or beneficiaries are or will be selected.</p>
<p>15. What are or will be the organization's sources of financial support? List in order of magnitude. If a portion of the receipts is or will be derived from the earnings of patents, copyrights, or other assets (excluding stocks, bonds, etc.) identify such item as a separate source of receipt. Attach representative copies of solicitations for financial support.</p>
<p>16. Describe the organization's fund-raising program, both actual and planned, and explain to what extent it has been put into effect. (Include details of fund-raising activities such as selective mailings, formation of fund-raising committees, use of professional fund-raisers, etc.)</p>
<p>17. What benefits, services, or products will the organization provide with respect to its exempt function?</p>

**IMPORTANT — Please attach the following documents, if available.**

- (a) Copy of federal determination letter (ruling from the Internal Revenue Service) showing under what section of the Internal Revenue Code, recognition of exemption from federal tax has been granted.
- (b) Copy of last Federal return filed, e.g., Form 990, Form 990 PF, Form 990-T, Form 5500-C.
- (c) If incorporated, a copy of Articles of Incorporation. If not incorporated, a copy of Constitution and/or Bylaws, Articles of Association, Declaration of Trust or other documents whereby organization was created, copies of amendments thereto, and any changes presently proposed.

MAIL TO: INDIANA DEPARTMENT OF REVENUE  
 NOT-FOR-PROFIT SECTION — ROOM 203  
 100 NORTH SENATE AVENUE  
 INDIANAPOLIS, INDIANA 46204-2253  
 (317) 232-2188

<p><i>I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and I have examined this application, including the accompanying statements, and to the best of my knowledge it is true, correct and complete.</i></p>		
<p>Signature</p>	<p>Title</p>	<p>Date Signed</p>

Linden Baptist Church  
Linden Christian Academy

Pastor Ovid Need Jr.  
1-317-339-4609

P. O. Box 6  
Linden, Indiana 47955

Preaching Christ, Crucified, Risen, Coming Again

Indiana Department of Revenue  
Sales Tax Division  
Room 208  
State Office Building  
Indianapolis, Indiana 46204

Dear

After much deliberation over the request that we seek permission to operate as a 'Not-For-Profit' organization (thereby granted tax-exempt status), we feel that, according to the Bible, we cannot accept any stand except immunity from taxation. I understand the position of the State as they place this demand upon the Church. I am sure there have been those who misused the "Church" to not only defraud the Government, but also the public, and the State has felt obligated to step in to try to prevent this. But the good intentions behind this action has also caught those who are desiring to do good (as defined in God's Word).

Upon reading Bulletin #17, I see the State of Indiana is claiming the authority to tax all income of the Church. The demand here then is that the Church admit the State has this authority then seek exemption from the tax which the Church admits it owes to the State.

There are some serious Biblical problems with this. Please let me explain. We are a group of people who have put our complete trust in the finished work of the Lord Jesus Christ to pay the penalty for our sins (Eph. 1:12, 13), meeting in obedience to His command (Heb. 10:25), in a physical location (Col. 4:15; Philemon 2), for the purpose of being an encouragement one to another, being instructed in God's Word (I Tim. 4:11; II Tim. 3:16; Eph. 4:12), so we will know how to please God in our families, personal relationship and in society (II Tim. 3:1-14), as well as reaching others with the gospel (Matt. 28:19, 20).

God ordained both the Civil Government and the Church, each with separate functions. Civil Government is responsible to restrain evil and reward good as defined in Scriptures wherever the good or evil might take place. As the Civil Government does this it provides conditions for the Church to operate that it might reach men to change them through the power of the gospel of Christ (Rom. 13:4; Matt. 28:19, 20). Neither is to exercise authority over the other. For us to admit that the State has the authority to tax the Church's offerings submits her to another authority

other than Christ (Eph. 5:23; I Tim. 3:5, 15) (The Church).

The Scriptures tell us to render to Caesar what is his and unto God what is His (Matt. 12:17-31). The tithes and offerings, which are the only means of support given to the Church, are dedicated to God by His people in obedience to His command (Lev. 27:30; Mal. 3:10). To admit that the State has the authority to tax these offerings by the means of gross income tax would be to take what is dedicated to God and give to Caesar in violation of Matt. 12:17-21. When Caesar and God don't agree, the Word of God makes our decision for us. We have no choice but to obey God (Acts 5:29).

As I read through Bulletin #17 I get the impression the purpose of the State recognition of an organization is to see that it meets the requirements of the community. The purpose of the Church is to meet the requirements of Her Lord and Master (Col. 1:18; Eph. 1:10, 22, 23). We cannot take something which is to be totally God's and submit it to another authority. To do so would be to deny the final authority of Christ over His Church.

I realize you are only doing what is required of you, but I must recognize that God is the ultimate authority over both the Church and Civil Government, (Rom. 13:1-4), when the two come into conflict we must submit to the ultimate authority over both the Church and Civil Government which is God. To admit that any authority has the power to tax the income of the Lord God is to deny that He is both Lord and Christ (Acts 2:36) and puts us in the impossible position of trying to recognize two Lords and Masters (Matt. 6:24; Lk. 16:13). We are immune from taxation by the Constitution (First Amendment), but the higher power which prevents us from recognizing any authority to tax God's income is the Word of God.

Thank you for your patience and understanding in this matter.

Respectfully yours,

Ovid E. Need, Jr.  
Pastor, Linden Baptist Church  
ON/ag

STATE OF INDIANA



INDIANAPOLIS, 46204

DEPARTMENT OF REVENUE  
STATE OFFICE BUILDING

Form 200D

March 6, 1986

Linden Baptist Church  
c/o Thelma Rice  
R 1 Box 43  
Linden, IN 47955

RE: A# 0050700

Dear Taxpayer:

During a recent audit of sales tax on utilities, we found that you have not been approved for exemption by our office. Since you did not apply for this exemption when we notified you of this error, we are assuming you do not qualify. Therefore, we are sending a letter on this date to Tipmont REMC instructing them to start billing you sales tax on your electricity.

If you have any questions regarding this decision, feel free to call Brain Hammond in our office at (317) 232-2339. All correspondence should be directed to: Indiana Department of Revenue, Sales Tax Division; Room 208, State Office Building, Indianapolis, Indiana, 46204.

Sincerely,

INDIANA DEPARTMENT OF REVENUE

*Andrea McConahay*  
Andrea McConahay

AM:asp

# Religious Freedom Issues That Affect Churches

by Jim Ellis

Jim Ellis, ThG., ThD., PhD is Pastor of the New Testament Baptist Church and Cape Coral Executive-Director, Baptist Freedom Council

## Portions Of The Florida Religious Freedom Restoration Act Of 1998 (HB 3201, FS 761.01)

<http://www.leg.state.fl.us/session/1998/house/bills/billtext/html/billtext/hb3201.html>

WHEREAS, it is the finding of the Legislature of the State of Florida that the framers of the Florida Constitution, recognizing free exercise of religion as an unalienable right, secured its protection in s. 3, Art. I of the State Constitution, and

WHEREAS, laws which are "neutral" toward religion may burden the free exercise of religion as surely as laws intended to interfere with the free exercise of religion, and

WHEREAS, governments should not substantially burden the free exercise of religion without compelling justification, and

WHEREAS, the compelling interest test as set forth in certain federal court rulings is a workable test for striking sensible balances between religious liberty and competing prior governmental interests, and

WHEREAS, it is the intent of the Legislature of the State of Florida to establish the compelling interest test as set forth in *Sherbert v. Verner*, 374 U.S. 398 (1963), and *29 Wisconsin v. Yoder*, 406 U.S. 205 (1972), to guarantee its application in all cases where free exercise of religion is substantially burdened,

(1) The government shall not substantially burden a person's exercise of religion, even if the burden results from a rule of general applicability, except that government may substantially burden a person's exercise of religion only if it demonstrates that application of the burden to the person: (a) Is in furtherance of a compelling government interest; and (b) Is the least restrictive means of furthering that compelling governmental interest.

\*Note—This is from the Florida Religious Freedom Restoration Act of 1998

### The Issue Of The Sovereignty Of God

The Pledge of Allegiance to the American Flag says—"One Nation Under God." That is a statement of

the Sovereignty of God! The United States, according to that, is under the Sovereignty of God! To follow this through, the highest governmental sovereignty is the Federal Government. The State Government is a lesser sovereign under the Federal Government, and the Local Government is a lesser sovereign under the State. The Local Government does not tax the State Government; neither does the State tax the Federal Government. On the other hand, the Federal government does not apply to the State for tax exemption, and the State does not apply to the Local Government for tax exemption.

The Church is under the Sovereignty of God in Jesus Christ, or is it? Does the Church recognize another sovereign over it? In Matthew 16:18, Jesus tells us "...upon this rock I will build my church and the gates of hell shall not prevail against it." The Church is supposed to be under Jesus Christ, but there are many occasions in which the Church recognizes other sovereigns over it.

In Daniel 2:21, Daniel recognizes that God sets up kings and removes kings. That is a statement of the Sovereignty of God over nations and kings.

The next question is concerning our nation. Did our system of laws come from belief in the Sovereignty of God and the authority of the Word of God? The answer is "yes."

Our system of laws comes from the Word of God by way of English Common Law. In the 17<sup>th</sup> Century a Scottish Presbyterian Preacher, Samuel Rutherford, wrote a controversial book entitled "Lex Rex." The Latin word "Lex" means "law" and the Latin word "Rex" means "king." In other words it means "The Law is the King," rather than "The King is the Law." Samuel Rutherford was sentenced to death for this attack on the philosophy of the British Monarchy, but died a natural death before the sentence could be carried out. Rutherford's premise for this book was based on the belief that the Word of God is the basis for all law. This book is on the shelves of many attorneys.

Following the work of Samuel Rutherford came the volumes by William Blackstone, "Commentaries on the Laws of England" (British Common Law), which became the foundation for our system of American Law set down by the Founding Fathers. "The Federal-

ist Papers” often refer to Blackstone’s monumental works that are on the library shelves of most reputable attorneys.

This was the basis on which our Constitution was conceived. This, and other founding documents, especially the Bill of Rights, guaranteed these freedoms that were set forth in the Word of God. Note that the Constitution and the Bill of Rights did not give us these freedoms, but, rather, guaranteed these freedoms given to us by God in His Word.

In about 1908, Justice Holmes, who was about to take his seat on the U.S. Supreme Court stated that, “The Constitution is what the Supreme Court says it is.” From that we saw the diminishing of the Constitution and Common Law in favor of case law. In other words, court cases began to be decided on the basis of case law instead of Common Law. That has led to philosophies such as “public policy” and “political correctness” that are always changing. The Constitution was designed to protect the unpopular and the minorities, but “public policy” and “political correctness” are based on the will of the majority or the powerful.

Since Bible-believing churches are opposed to many of the things defended by those philosophies, these churches have become the targets of our amoral society. That is why we must defend our position that churches are under the Sovereignty of God; and, since God is the highest Sovereign of all, we must remember that there is no higher sovereign—neither the Federal Government, nor the State, nor the Local Government.

As individuals, we are bound to obey the civil authorities until there is a conflict with the Word of God, but we must defend the Church that Jesus Christ founded from encroachment and entanglement from governments.

### **Are Churches Tax Exempt Or Non-Taxable?**

This is an issue that is big and important—are churches tax-exempt or non-taxable? To be tax-exempt means that someone has the authority to tax a church or to grant an exemption from taxation. This is a sovereignty issue! Does a lower sovereign tax a higher sovereign? Of course not! Is the Church under the Sovereignty of God? Yes, it is supposed to be. To state it a different way—is Jesus Christ the head of the Church? That is what the Bible teaches. What are the three levels of governmental sovereignty—Federal, State, Local. Should any of the three tax the Church? Does a lower sovereign tax a higher sovereign? Is the Church under the sovereignty of the Federal, State, and Local Governments? The answers to these things are obvious to those who believe the Bible. We as individuals are subject to the laws of the land, but when it comes to the operation of the Church, that is a different thing.

The courts have recognized that religious institu-

tions can be destroyed by the financial burden placed upon them through taxation. One of the landmark cases on this subject is the 1970 case of *Walz versus the Tax Commission of New York* in which the Court said to the effect that churches have enjoyed freedom from taxation for over two hundred years and it is not going to change any time soon. The Court also stated that churches provide services that the government would have to provide otherwise; and, therefore, tax-exemption does not violate the First Amendment Religious Freedom Establishment Clause.

“Non-taxable” means that the entity, such as the Church, is not taxable at all. It does not apply to anyone for tax-exemption, nor does it recognize the authority of some agency to tax it. To apply gives that authority by forfeit or waiver. “Non-taxable” is the position that we must strive for.

In Lee County, Florida, we have a Property Appraiser in Mr. Ken Wilkinson who understands the issue and has changed the annual report to the Property Appraiser for churches from “tax-exempt” to “non-taxable.” As far as I know, this is the only County in the State of Florida that has done this. We must educate others to this issue and we will stop the present trend of taxing churches, as is being done in Sarasota County.

Although it is unlawful to directly tax churches and synagogues, they are being taxed under the guise of “assessments,” “fees,” “impact fees,” etc. In order for an assessment to be a legal assessment it must give the equal benefit as to the amount of the assessment. In other words, if the assessment is \$1,000 there must be \$1000 in benefits; otherwise it is a tax and you can’t tax churches. Cities and Counties, such as Cape Coral, are getting by with it because they are depending on no one challenging it. Many cities and counties, such as Cape Coral, are charging excessive fees for permits and road impact fees to churches without being questioned, relying on the fact that very few churches will protest it. Several years ago, I received a letter from an official with the Federal Department of Transportation in Tallahassee to the effect that churches have no impact on roads because they operate at low peak hours. A possible exception to that would be if the church operates a large Christian Day School.

In the case of New Testament Baptist Church (my church), the City of Cape Coral is charging excessive fees for permits, road impact fees, PDP fees, and others. As long as we let them get by with it and do not challenge them, it will continue to escalate.

The courts have ruled that churches must be given special consideration and are not to be treated “like everyone else.” Churches have a special status. The City of Cape Coral continues to look upon churches as “commercial” ventures, even though they are non-

profit. In their fees, requirements, etc., they violate the recently passed Florida Religious Freedom Restoration of Act of 1998. In their requirements for us to go through the PDP (Project Development Plan), because we have over three acres of land, they demand \$2000 up front to just begin the process, although we went through this when we were in Lee County in 1986. This requires us to spend \$10,000 for an engineer to do a site plan as though we were a commercial project, just starting to develop.

This follows the track record of the City of Cape Coral. In 1996-1997 the City of Cape Coral assessed churches on the basis of being "commercial" developments in their utilities construction program. It resulted in such ridiculous assessments of \$240,000 for the Trinity Reformed Church and over \$100,000 for the Jewish Synagogue where my friend, Albert Cohen, is the Rabbi. Assistant Utilities Director Steve Kiss reported in a newspaper interview that "We treat churches just like K-Mart." Churches and Synagogues are not "Commercial."

Although my church was not even assessed, I jumped in and got together with four others to file suit against the City on the issue. Attorneys for the City recommended that they settle with us because the City had not even followed the advice of their own experts in their methodology of assessment. On the date that the resolution came before the City Council to settle the suit, most of the City Council, including the Mayor, were not going to vote for it until a number of church representatives testified that they had received foreclosure notices from the City on their church properties. And Mayor Butler says that the City is not anti-church? The facts speak for themselves.

It is my belief that the City of Cape Coral would like to get rid of some of the churches in order to bring their properties under the tax roles. Other authorities agree, and this is the trend all over the Country. Cape Coral is just an example of the problem.

### **How Churches Are Waiving And Forfeiting Their Religious Freedoms**

A wise man once said, "Eternal vigilance is the price of liberty." This applies to many different areas, but also to the issues of religious liberty.

Jesus used a parable in Luke 19 to remind us of the responsibility of the church when He commanded us to "Occupy till I come." God gave us a Christian Nation with a Constitution and Bylaws that guarantee religious freedom, but this is fast eroding away by default. Churches today are doing a very poor job of defending these freedoms.

Many of the freedoms enjoyed by the church in time past have been lost by our inaction. We have incorrectly applied Scriptures that tell us to "be subject

unto the higher powers," when in reality we have only used that as a "copout" to avoid personal responsibility. The favorite verse of too many preachers and other Christians is "For we wrestle not." (Ephesians 6:12).

Every time a governmental agency makes an unreasonable demand upon a church, or taxes a church, or makes unjustified assessments—and we don't speak up—we allow another precedent to be set that will come back to haunt us. I often hear—"Nobody else has complained, so why should you?" That says a lot!

There was a time when the government was friendly to churches and did everything possible to encourage them, but that time is long past. Now governments make it hard and expensive to build and to operate by their regulations. Then they make pastors think they are helping them when they "throw them a bone" now and then.

As long as we let them get by with taxing churches in the form of assessment, fees, classifying churches as "commercial," and "public accommodation," we are forfeiting our religious freedoms.

As I heard in a recent legal seminar for pastors, we can waive our rights by what we say. There have been some changes in court rulings involving the First Amendment Religious Freedom Clause. Some cases are being lost when that is used, but the change has been to use freedom of assembly and freedom of speech and accomplish the same thing, since these are directly involved in religious freedom. When a person in leadership in a church says, "This is not a freedom of assembly or freedom of speech issue—this is a religious freedom issue, that church may forfeit the right to use that plea." We must caution church leaders and members to be very careful in what they say. We can no longer hide our heads in the sand. Remember, "ignorance of the law is no excuse."

Churches can be controlled or even destroyed by governments in ways that we may not normally think. They can be controlled or destroyed by zoning laws. I can recall a case in which zoning officials of Cape Coral told a pastor, "We don't want churches in that area." Why do bureaucrats have the authority to make that kind of decision? Because preachers do not speak up and take action. How many times have you ever heard of pastors being consulted when zoning codes are being formulated by those who don't have the foggiest idea of how some of our churches operate.

In establishing zoning and building codes, bureaucrats are often inconsistent when it comes to churches. For instance, Cape Coral zoning officials are insistent upon parking spaces being based on one parking space per each four seats in the buildings. Yet, they compile the number of people that all the buildings at one time could accommodate. I know of no church that has all of its buildings full at any one time. When Sunday

School is over, the people move to the sanctuary for the preaching service. Rather than base the parking on the total number of people present at one time, they use this “screwball” method. They are again regarding churches as “Public Accommodation,” and churches are not “Public.” To regard churches as such is a violation of the Federal Register, Friday, July 26, 1991, pages 35546, 35551. The irony is that, just recently, a country club in Cape Coral raised the same issue and was granted relief, but the City is being “hard nosed” with us.

If this is really part of the compelling interest of the City of Cape Coral; then why is it not enforced on the public schools? For instance, if a high school has 1600 students, are there 400 parking places? I think not! Most of the students are bused in. By the same token, my church brings in about 50-75 on buses of our total attendance of about 250. Why is there this double standard?

Governments can also control or destroy churches through abusive building codes that regard churches as “Public Accommodation.” I remind you that the Fed-

eral Register previously cited specifically says that churches do not come under that category. To put them in that category is a violation of the Federal Register.

Another method is by use of excessive fees or assessments—or even taxes. When a government imposes excessive fees for permits, PDP, or road impact fees, it can destroy a church and is violation of the Florida Religious Freedom Restoration Act of 1998. The City of Cape Coral is very clearly guilty.

Through delays in issuing building permits the City of Cape Coral can and does harm churches by holding up construction of needed facilities. It is very common for churches to have to wait a year to go through the process before being allowed to begin construction. If the public schools had to do that they would have big problems. Perhaps that is why they are not under the City building codes—they have their own State Department of Education. Isn't that discrimination? Of course it is! If the City or State really has a compelling interest—then why the inconsistency?

Think about it!

# Church Incorporation prepared by Jim Ellis

Dr. Jim Ellis is Pastor of the, New Testament Baptist Church, Cape Coral, Florida

## Should A Church Be Incorporated?

Some years ago, Pastor Luther Adkins wrote an article on the subject of Church Incorporation, which appeared in an issue of "The Florida Fundamentalist." Here is what he said: When a church is incorporated, this is what happens:

1. The Lordship of Jesus Christ is surrendered for state control.
2. An incorporated church is registered as a state church and is given a franchised name by the state. \_\_\_\_\_ Church, Inc.
3. The state requires an incorporated church to install unscriptural officers who are subject only to the laws of the state. (Trustees are not in the Bible)
4. The property is owned by the state and is held in trust by the trustees of the corporation for the state.
5. An incorporated church loses its constitutional right to refuse to submit its books and papers for an examination by the state and federal government.
6. An incorporated church gives up its ministry under the Lordship of Jesus Christ and becomes a religious business created by the state.
7. The pastor is not the head of an incorporated church. The state's corporate law says the chairman of the board is the highest ranking official of a corporation not for profit (Or the "Resident Agent").
8. An incorporated church is subject to all the legislative laws of the state.
9. If an incorporated church operates across state lines, it is subject to federal interstate laws.
10. An incorporated church has no First Amendment rights unless legislated. (See "Hale vs. Henkel")
11. An incorporated church is not entitled to the benefits of the 5th Amendment. The following is a quote from the United States Supreme Court on incorporation in the case of Hale vs. Hinkel in 1905. "The benefits of the 5th Amendment are exclusively for a witness compelled to testify against himself in a criminal case, and he cannot set them up on behalf of a corporation."
12. The corporate officers of a nonprofit corporation are agents for the state.
13. The pulpit of an incorporated church is a licensed pulpit and could become subject to a franchise tax. (Or "Occupational License" or "Pulpit Tax").
14. No state requires a church to be incorporated; therefore, a church applying for incorporation is asking the state to define what constitutes a church, to license the church, and to place the church under state jurisdiction for its existence and operation.
15. An incorporated church is birthed by the state, and only the state can kill it.
16. An incorporated church is subject to all the statutes of the state.
17. An incorporated church surrenders its Scriptural form of government for state control.
18. An incorporated church gives up its constitutional freedom of separation of church and state.
19. An incorporated church exalts the laws of man above the laws of God and the Lordship of Jesus Christ.
20. An incorporated church gives up its tax immunity for a taxable status. A nonprofit corporation is taxable; therefore, it must apply to the state and federal governments for a tax-exempt status. (As opposed to "non-taxable")

## Common Argument For Incorporation And Gary North's Response

The September/October, 1993 issue of "Church Law & Tax Report":

"Key Point: The individual members of an unincorporated church can be personally liable for the actions of other members as well as for the obligations of the church."

Referring to a Connecticut appeals court case:

"The lessons of this case (and many others like it) is clear—churches that are not incorporated subject their members to personal liability for the actions of other members and for the obligations of the church itself. Unfortunately, many church leaders do not know whether or not their church is incorporated, and others erroneously assume that their church is incorporated. Our recommendations:

"Churches can simply and easily protect their members from personal liability for the actions of other members by incorporating the church. While incorporation will not protect a member from liability for his or her own actions, it will protect other mem-

bers who did not participate in those actions.

“A small number of church leaders are opposed to incorporation on the basis of theological considerations. Note that theological opposition to incorporation will not be a defense to the personal liability of church members for the obligations of an unincorporated church. Church leaders who are opposed to incorporation on theological grounds should share their position with the church membership. After all, it is entirely possible that the church members will not share this theological position when they are apprised of the potential consequences.”

\*Note: This is an excerpt from the “Church Law & Tax Report,” September/October, 1993

The question I have is this: “Is the church secular or sacred?” Should a church follow Biblical principles or secular philosophies? Should a church go to Egypt for protection or should it trust God?

If it is so dangerous for a church to be unincorporated, then why are churches not allowed to be incorporated in the State of Virginia?

Gary North answered that issue in the July 1984 issue of “I.C.E. Position Paper No. 1”

He says, “The issue of church incorporation is now boiling. The courageous stand taken by pastors against the illegitimate extension of State power over the churches reminds us that the churches have already gone too far in their capitulation to the State. The State’s official claim that each step into the arms of the State is “minimal” or “just a matter of record-keeping,” and before we know it, the State controls the churches in innumerable ways. Church leaders are capitulating step by step. The result is the transfer of sovereignty from the Church of Jesus Christ to the messianic, bureaucratic State. Those few far-sighted, principles church leaders who dare to resist may find themselves in jail.”

He continues, “Now is the time for Christians to reconsider the question of the two sovereignties, Church and State. This means that church leaders must reconsider the almost automatic process of incorporating their churches. Lawyers almost invariably recommend this. So do most local officials (except in Virginia where, by the grace of God, it is illegal for churches to incorporate). But is it wise to follow the advice of lawyers in every case? Is it wise to comply with this request of local and State officials? And why are they so interested in getting churches to incorporate, anyway? Why is it so very convenient for them? Why not just create a trust with a board of trustees, as all churches in Virginia?”

On the question of vulnerability on the part of unincorporated churches, North says, “Wait a minute! Who says that the Church of Jesus Christ is totally vulnerable if disincorporated? What is the evidence? If a

church is totally vulnerable if it is disincorporated, then disincorporated churches ought to be losing 100% of the cases brought against them. Total, after all, means total. Where is the evidence to prove that disincorporated churches have been successfully prosecuted more often than those churches that are not incorporated?”

He continues, “Until such studies are available, we should not believe that disincorporated churches are totally vulnerable, and that incorporated churches aren’t. There are risks under any system of organization. Statist interference with churches is growing everywhere. But to frighten loyal but uninformed followers with the stick man of the “totally vulnerable” church is a high school debate trick. Unfortunately, the stakes today are a lot higher than winning a high school debate.”

“The important question is not whether disincorporation makes the Church more or less vulnerable temporarily; rather, it is this: What is morally right? It is not a question of short-term tactics. The question is: Should the churches conform to the desires of the humanist bureaucrats and crawl on their bellies to the State to beg for special privileges under the incorporation statutes? I say no.”

“To advise Christians to incorporate their churches is to advise them to exchange their ecclesiastical birthright under God and common law for a mess of State-licensed pottage.”

**Well said, Gary!**

### **Examples Of The Problems Of Incorporation**

When Pastor Everett Sileven went to court in Nebraska some years ago, the judge refused to hear First Amendment pleas because Brother Sileven’s church, the Faith Baptist Church of Louisville, Nebraska, was incorporated.

In the case of Evangelist Lester Roloff, Judge Jack Pope said, “The issue is not whether People’s Baptist is performing a service that falls beneath licensing standards. The three homes have a good record of high quality service. People’s Baptist, from this record, could no doubt easily satisfy licensing requirements, but has chosen not to do so. It reasons that licensing interferes with religious freedom. People’s Baptist does not, however, resist all licensing to do business in Texas. In fact, it does its business and service as a corporation under the name of Corpus Christi People’s Baptist Church, Inc., and it complies with all business licensing requirements.” In other words, the judge said that incorporation is a form of licensing, and churches that are incorporated are licensed in the state where they are incorporated. He is also telling us that when a church is incorporated, it is a business.

Isaiah 31:1 warns about going down to Egypt for help. “Woe to them that go down to Egypt for help;

and stay on horses, and trust in chariots, because they are many; and horsemen, because they are very strong; but they look not unto the Holy One of Israel, neither seek the Lord."

Vs. 3, "Now the Egyptians are men, and not God; and their horses flesh, and not spirit. When the Lord shall stretch out his hand, both he that helpeth shall fall, and he that is holpen shall fall down, and they all shall fail together."

A few years ago, a church bus convention was held at Indianapolis Baptist Temple. A pastor attending the meeting was killed in a plane crash while piloting a rented plane on the way to look at a bus. The widow filed suit against the church. When Dr. Dixon asked the lady why she sued the church, her reply was, "I'm not suing the church; I'm suing the corporation."

In the 1988 case of *Matthews vs. Adams*, the Florida Fifth District Court of Appeals said, "When the members of the church decided to incorporate their body under the laws of the state of Florida, they submitted themselves to the jurisdiction of the state courts in all matters of a corporate nature, such as accounting for funds." The Florida corporate laws also prohibit discrimination and call for the examination of corporate records by the State.

A few years ago, pastors in Bessemer, Alabama, were sent bills for a pulpit tax (Franchise Tax?) by local government officials. That tells us that an incorporated church is a state licensed church and is subject to franchise tax. If you don't think it will happen, you have had your head buried in the sand too long.

Churches in California had their property seized by the State for failure to pay property tax. An enlightened pastor who was involved in that fiasco spoke at a meeting of the American Coalition of Unregistered Churches at Indianapolis. He said the issue was that the churches were incorporated, and the State of California believed that incorporated church property belongs to the State in the sense that the State is responsible.

On Wednesday, May 15, 1991, Pastor John Wayne Lowry was arrested and jailed in Louisville, Kentucky. A court battle had been engaged over the past four years because Pastor Lowry refused to accept an "Occupational License" to preach the Gospel in his church. The pity is that he was the only pastor in that city to refuse to accept a license to preach the Gospel. I talked with him by phone right after he was released from jail, and he confirmed the issue. Just recently, in 1994, he and another pastor were forced to resign and leave the State of Kentucky because they were forced to make a choice of being licensed or going to jail. That means that all other pastors in that State have accepted the occupational licenses to preach. That is certainly a reflection on preachers and churches today. Where are the John Bunyons and Lester Roloffs?

In the Sanford, Florida area, a pastor friend was told by local officials that he would be required to get an occupational license for his church.

Even President James Madison was opposed to churches being incorporated. On February 21, 1809, he vetoed an act incorporating the Protestant Episcopal Church in the town of Alexandria, in the District of Columbia. His reason was that incorporation was a form of licensing by which the government gave churches permission to operate. (See *Christianity And The Constitution—The Faith Of Our Founding Fathers*, by John Eidsmore, pgs. 110, 111, Baker Book House, Grand Rapids, Michigan).

Today, it is not lawful for churches to be incorporated in the State of Virginia.

### Practical Issues

#### Tax Exempt Status with the IRS:

As my church began studying procedures for disincorporation, one of the concerns was tax exempt status with the Internal Revenue Service. I have a problem with a church, which is under the Sovereignty of God, asking a lesser sovereign for tax exempt status. An attorney in Brentwood, Tennessee, who specializes in tax law, informed me that a church is exempt from applying for tax exempt status, according to Section 508(c)(1)(A) of the IRS Code.

I had often heard the reference to 501(c) as pertaining to the classification of churches with the IRS. When I began to study I discovered, to my surprise, that churches are not even mentioned under 501(c), but "corporations for religious purposes." Then I read 508(c)(1)(A) which reads "Mandatory exceptions. - sections (a) and (b) shall not apply to-(A) churches, their integrated auxiliaries, and conventions or associations of churches." I made a call to the "800" number of the IRS in Atlanta, and was referred to their "technical (legal) department." I told the gentleman on the line the following: "My church, New Testament Baptist Church, used to be incorporated, but because of Biblical convictions, we did away with the corporation. We are not a "tax dodge," but a duly constituted church with regular services. According to 508(c)(1)(A), a church that operates as a legitimate church does not have to apply for tax exempt status—is that correct?" The official said, "That is correct, but I will get back with you in a few days to be sure." About a week later he called my office and talked to my wife to confirm it. It is interesting that the IRS Code lists "Corporations for religious purposes" under 501 (c), and "churches" under 508(c)(1)(A). Could it be possible that the IRS knows something that we preachers don't know?

When it came to sales tax exemption with the State of Florida, I had a similar experience. When I received the notice from the State to renew the church sales tax

certificate, I called the proper department. I explained to the nice lady that I have a conviction about a church being required to apply for tax exemption. I noted that a church should not have to fill out a form and ask the State to recognize it as exempt from taxation. She had no problem with that; in fact, she was very helpful. She said that all I had to do was to provide proof that we are a legitimate church by a copy of our schedule in a church bulletin or a copy of our insurance policy, or any other document to prove that we are a church. That did not involve applying for tax exemption, but merely showing our existence as a church: therefore, it was not a violation of our convictions.

The third thing had to do with our status with the property appraiser's office. It was important for us to be in touch with that department because we were no longer New Testament Baptist Church, Incorporated, but just New Testament Baptist Church in the form of a trust, as far as property is concerned. Again, I explained our convictions as to a church, under the Sovereignty of God, applying to a lesser sovereign for an exemption from paying taxes. A lower sovereign doesn't tax a higher Sovereign. To ask for a tax exemption is recognizing the authority of that taxing agency to tax. In that case, the agency that grants a tax exempt status can also revoke it. Again, that was no problem with our local office. Actually, all we were required to do was to notify them that the status of the church was changed from the corporate status to that of unincorporated. The change was quickly noted on their computer. All that office requires is the proof that we are a legitimate church, the same as the IRS and the State of Florida. Neither of the three required us to "apply" for tax exempt status, but merely to provide evidence of our existence. We must insist at every opportunity that churches are not tax exempt," but "nontaxable." We must "educate" officials at every opportunity.

In Indiana a pastor objected to filling out a form to ask that his church be recognized as "tax-exempt" from property tax. The Indiana Attorney General wrote an opinion (1989) to the effect that if a religious organization has a religious conviction against filling out a form requesting "tax-exemption" from property tax, that it is be granted that status if it qualifies otherwise. He referred to the "Walz Vs. Tax Commission, 397 U.S. 664 (1970)" and "Texas Monthly, Inc. vs. The State of Texas, 109 S. Ct. 890 57 L.W. 4168 Feb. 21, 1989." A copy of that opinion by the Indiana Attorney General can be obtained from my office.

The IRS Code refers to the "Mandatory Exception" of churches being required to apply for tax exemption. That places the burden upon the IRS to notify a church when it no longer qualifies, and then the action of revocation is not retroactive.

Remember, the issue is that churches should not be

tax exempt, but rather **nontaxable**. The church is under the sovereignty of God—the highest Sovereign. A lower sovereign does not tax a higher sovereign. When we ask an agency to grant us tax exemption we are recognizing their authority to do so—and to take it away. Let's establish 508c1A as the IRS recognizing churches as non taxable, and use that as a precedent to the State and to local property Appraisers.

### Is Church Property "Public" Or "Private"?

Another issue that is creating problems for churches is the question of whether church property is "Public Accommodation" or private property. The trend among government agencies on the local levels is to consider church property as "public". Zoning and building departments require churches to comply with regulations that apply to "Public Accommodations."

A few years ago, a code enforcement official, accompanied by a Deputy Sheriff of Collier County, raided the homeless shelter of the Assembly of God of Naples, Florida, at three A. M., because they considered church property to be "public."

The United States Federal Government recognized the problem of churches being classified under "Public Accommodation" in the Federal Register regarding the handicap code (Americans with Disabilities Act-ADA). Churches are specifically exempt for the reason that to place churches under the category of Public Accommodation would be a violation of the First Amendment. Yet, the State of Florida, because of pressure from handicap organizations, has refused to place churches under the exemption. I have been informed that Florida is the only State in the union that did not follow the Federal guidelines in exempting churches from compliance with the handicap code (Attorney Charles Craze, CLA). It is going to require litigation or legislation to get it changed. There is more pressure from the handicap lobby than from pastors. (Note: On May 16, 1997, HB 1707 went into effect, exempting churches from compliance with the Florida Handicap Code.)

This is a big issue that will come back to haunt us if we don't get involved. Churches are indeed concerned about the needs of the handicapped, probably more than anyone else; but to put churches under the category of Public Accommodation is dangerous. Pastors in Florida are being told by building department officials that permits are not going to be issued to remodel or build unless handicap ramps to their platforms and lifts in their baptistries to baptize the handicapped, as well as elevators to balconies and upper levels are put in. Our religious freedoms are eroding away by default because most preachers don't want to get involved in controversy. Most local and state governments have taken an anti-church position.

A recent occurrence at the Landmark Baptist Church in Haines City, Florida is an example of the danger of churches being regarded as “Public.” A truck driver had left his rig on the parking lot of the church, blocking quite a number of parking places during church services. The Police Department was called, but responded with “That’s private property; we don’t have the authority to come on private property.” The Church also has handicap parking signs on this same property. As you can readily see, the handicap parking spaces are only needed when church services are going on, but the Haines City Police Department came on this same “Private Property” and issued \$100 parking tickets for vehicles in handicap spaces that did not have handicap stickers on them.

An old U.S. Supreme Court case, the 1905 *Hale Vs. Henkel*, 201 U.S., contradicts what some attorneys are saying concerning incorporated churches being “private.” “Upon the other hand, the corporation is a creature of the State. It is presumed to be incorporated for the benefit of the public. It receives certain privileges and franchises, and holds them subject to the laws of the State and the limitations of its charter. Its powers are limited by law. It can make no contract not authorized by its charter. Its rights to act as a corporation are only preserved to it so long as it obeys the laws of its creation.” (pages 74, 75).

**Please note that this case plainly labels a “corporation” as a “franchise.”** If you have an incorporated church, you have a church that is granted a “franchise” by the State. (In the Roloff Case the judge said that incorporation is the same as a “license.”)

Churches need to place signs in visible locations reminding the public that church property is private property. The sign at the entrance to New Testament Baptist Church reads:

**Attention, this church is an embassy of the Lord Jesus Christ. All who wish to enter for worship or counsel are free to do so. All others please call 997-0381 for an appointment. This church is a private religious body, not a public state corporation.**

If your church is incorporated, you may change the reading accordingly.

### Steps To Disincorporate

1. Be certain the corporation is current! This is important. An incorporated church cannot conduct business to disincorporate unless the corporation is current. All business must be conducted exactly as the articles of

incorporation or bylaws stipulate. The business meeting must be called according to the bylaws. It is not a legal business meeting unless it follows the bylaws to the letter. Many pastors make the mistake of thinking that if they allow their corporation to expire by failing to file the annual report everything is alright. An incorporated church is an entity of the state—that is, the state has the responsibility for the property. I am told that if a church allows its corporation to expire, the state can technically seize the property. I have warned pastors who were considering the purchase of property belonging to another church to be absolutely certain the corporation of that church is up-to-date. If not, that church cannot legally sell the property. It must get the annual report (corporation) current before it can be a proper transaction.

2. At a legal business meeting, the incorporated church must vote (according to the by-laws) to form a trust. This includes the adopting of a Trust Agreement. Then an offering must be taken and designated as a trust fund. This must be deposited into a new trust account at the bank. New church bylaws should be adopted in which a trustee (One) is designated. The pastor is the logical choice: however, anyone can be chosen. The Bible principle is for the pastor to be the leader. The only scriptural officers are pastors and deacons. Trustees of corporations are not scriptural, since they represent the State’s interest. At this point we must make the distinction between the Church (people) and property. The single trustee is the designated person to hold the property in trust for the church and Jesus Christ.
3. The next step (at the same business meeting) is to vote to transfer all property, assets, and funds from the corporation to the unincorporated church trust.
4. The fourth step is to vote to dissolve the corporation, unless you have a use for it. It will not possess any property or funds or assets at this point.
5. Record the business meeting on paper and have it notarized. Detail it. You must have a Bible conviction as to the issue of incorporation. Do not just jump in and decide to disincorporate. Please, investigate the issues for yourself and then make the decision. Remember, most attorneys do not know the issues—they just follow the precedents. This is a spiritual issue that involves the church. Are you going down to Egypt for help?

Jim Ellis, ThG., ThD., PhD.  
Pastor, New Testament Baptist Church  
2806 NE Pine Island Rd.  
Cape Coral, Fl. 33909

### Methodology

1. When the church votes to form a trust and to elect a trustee, accurate minutes of the business meeting must be recorded and notarized.
2. The Quit Claim deed must be recorded at the County Courthouse as to the ownership of the property. It should be worded something like this: "Held in trust by the trustee, \_\_\_\_\_, in behalf of the congregation of \_\_\_\_\_ Baptist Church, and the owner, the Lord Jesus Christ."
3. No other documents should be recorded at the Clerk of Court's Office. The Trust Agreement should be

properly notarized and filed at a safe place at the church. This issue is one of jurisdiction. The business of the congregation is private (unincorporated church), and does not come under the jurisdiction of the government, unless laws are broken. An unincorporated church is a private religious body, not a public state corporation. If there is ever a question concerning the operation of the church (congregation) the trust agreement and doctrinal statement can be pulled from the file and resolved by the congregation. The courts have no jurisdiction over an unincorporated church as to its interior operation (as long as no crime has been committed), unless the congregation gives up that jurisdiction to the court.

# The Rights of Churches and Political Involvement

from The Rutherford Institute

Since the passage of the Sixteenth Amendment of the U. S. Constitution, which authorized Congress to impose a federal income tax, Congress has consistently granted churches and religious organizations special exemptions from paying taxes and for receiving tax-deductible contributions. However, if a church or religious organization wishes to qualify for and maintain this tax-exempt status, it must abide by the restrictions on political and legislative activities established in section 501(c)(3) of the Internal Revenue Code of 1986 (as amended). Section 501(c)(3) includes two stipulations: *first*, no substantial part of the organizations activities may consist of carrying on propaganda or otherwise attempting to influence legislation, and *second*, the organization may not participate in political campaigning in opposition to, or on behalf of, any candidate for public office.

In light of how the Internal Revenue Service (IRS) and some courts have interpreted section 501(c)(3) [see discussion below], churches and religious organizations may well consider this law as yet another example of the government’s subordination of the rights of religious persons to “matters of national public policy” or to other rights. Understanding section 501(c)(3), however, is necessary for any church that wishes to positively impact the moral and social fabric of our culture. A church must decide whether it can be a viable and influential force in society within the constraints of section 501(c)(3) or whether it should forego the benefits of tax-exemption in order to participate unreservedly in the legislative and political process.

## Legislative Activities

### Defining A “Substantial” Part

Section 501(c)(3) states that a church or religious organization which engages in “substantial” legislative activities jeopardizes its tax-exempt status. The IRS interprets “legislative activities” as attempts to influence legislation by participating in lobbying for the purpose of proposing, supporting, or opposing federal, state, or local legislation, or advocating the adoption or rejection of legislation.

The IRS states that its determination of whether an

organization’s legislative activities constitute a “substantial” part of its overall activities depends on “all the pertinent facts and circumstances in each case.” It gives “consideration...to a variety of factors including the time devoted by the organization to the activity (by both compensated and volunteer workers), assets devoted to the activity (such as office space, machinery, etc.), as well as expenditures.

To make this determination more precise, one federal court proposed a rule of thumb that an expenditure of less than five percent of a tax-exempt organization’s time and effort in attempting to influence legislation does not constitute “substantial legislative activities.” Many tax-exempt organizations now widely regard the five percent rule as a benchmark of permissible legislative activity. Recently, however, the IRS administrative manual noted:

*[The five percent rule] provides but limited guidance because the court’s view as to what sort of activities were to be measured is no longer supported by the weight of precedent. Moreover, it is not clear how the court arrived at the five percent figure. Most cases...have tended to avoid any attempt at percentage measurement of activities...The central problem is more often one of characterizing the various activities as attempts to influence legislation. Once this determination is made, substantiality is frequently self-evident.*

Therefore the IRS’ approach is to conduct a case-by-case review with no precise standards. Consistent with this approach, another federal court rejected the five percent rule while ruling in favor of the IRS’ revocation of a Christian organization’s tax-exempt status. The court reached its decision by broadly interpreting “substantial” legislative activities to include all indirect attempts to influence legislation through “a campaign to mold public opinion.” To date, this is the only reported court decision which holds that a religious organization’s influence of legislation violates the requirement of section 501(c)(3).

In contrast, several court decisions have specifically held that churches and religious organizations do not violate the restriction on legislative activities when they are motivated by the religious purposes of the organization. These cases, however, interpreted the law as it existed prior to the enactment of the limitations on

legislative activities by Congress in 1934.

At one time, the Supreme Court also appeared supportive of legislative involvement by churches and religious organizations when it noted:

*Adherents of particular faiths and individual churches frequently take strong positions on public issues...vigorous advocacy of legal or constitutional positions. Of course, churches as much as secular bodies and private citizens have that right.*

But in a more recent case, the Court reasoned that since tax exemptions are “a matter of grace that Congress can, of course, disallow as it chooses”...Congress is not required by the First Amendment to subsidize lobbying.” In doing so, the Court apparently viewed First Amendment rights, such as free speech and religious expression, as less important than the government’s tax policy.

In short, only one reported court decision has found a religious organization in violation of section 501(c)(3) by engaging in “substantial” legislative activities. The IRS, however, refuses to abide by any precise standards, such as a percentage rule, to measure when “substantial” legislative activities have occurred. Hence, a church or religious organization seeking to acquire or maintain a tax-exempt status must be aware that there is always some risk that its attempts to influence legislation will prompt the IRS to pursue an audit and perhaps even revoke its tax-exempt status.

While there are no fail-safe ways to guarantee that a church or religious organization can be both involved in the legislative process and remain tax-exempt, one risk adverse approach might be for a church to report pending legislation to church members, without proposing, supporting, or opposing any legislation. Of course, nothing prohibits the IRS from scrutinizing even such activity. The Supreme Court has suggested another option: section 501(c)(3) organizations could engage in substantial legislative activities if they establish a separate entity under section 501(c)(4) which could promote “social welfare” but would not qualify for tax-deductible contributions. Beyond that, a church may well assess that it must speak out without inhibition on pending legislation in order to remain culturally relevant, and therefore, willingly forego its tax-exempt status altogether.

## Political Activities

### Defining “Political” Participation

Unlike the limitation on influencing legislation, section 501(c)(3) provides an absolute and unconditional prohibition on the involvement of tax-exempt churches and religious organizations in political activities, which means that no quantitative or qualitative analysis is necessary to determine whether “substan-

tial” activity has occurred.

According to the IRS, this prohibition means that a church or religious organization may lose its tax-exempt status if it actively participates or intervenes in a political campaign by making oral statements or publishing or distributing written statements on behalf of or in opposition to a particular candidate. Furthermore, a church or religious organization does not qualify for an exemption if its charter empowers it to “directly or indirectly participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

### Challenges to Exempt Status

To date, only a few religious organizations have lost their tax-exempt status due to political involvement, despite reports that numerous violations have occurred. However, two attorneys who successfully defended the Catholic church in a lawsuit brought by abortion operators and clergymen asserted that given the high cost of litigation, the mere threat of such a challenge may still have a potential chilling effect on a church’s statements and activities.

Recently, several public interest organizations have sought to generate such a chilling effect. For example, in early 1996, Americans United for Separation of Church and State (“Americans United”), announced that it was engaging in a concerted effort with its members and state chapters to monitor and report to the IRS any involvement in political campaigning by churches and religious organizations during the election year, with particular attention being paid to involvement with conservative political candidates. Although Americans United is not a government entity, its focus on this issue can only heighten the IRS’ interest in the types of activities engaged in by churches and religious organizations.

The following sections provide illustrations of political activities which the IRS tends to scrutinize:

### Campaign Involvement

According to the IRS, an organization engages in political activity in violation of section 501(c)(3) when it directly participates in the nomination and promotion of candidates for public office. For example, in 1989, the IRS revoked the tax-exempt status of an organization because it had encouraged “through its advocacy in its publications, [its members] to build a cadre of precinct committeemen in order to further its ultimate objective: the nomination and election of candidates who shared [its] beliefs. The IRS observed that “inter-

vention at this early stage in the elective process is, we believe, sufficient to constitute intervention in a political campaign.”

Based on this illustration, it would appear that this prohibition does not mean that churches and religious organizations cannot generally encourage their individual members to be responsible citizens who vote and take an interest in the political process, or that individual members cannot run for public office or support candidates for public office on their own initiative. The risk of IRS scrutiny increases, however, when these incidents coincide with the church or religious organization’s expression of support for a particular political candidate or agenda.

### Candidate Endorsements

Likewise, the IRS views an organization’s formal endorsement of a political candidate as impermissible. In 1992, the IRS publicized a settlement with Jimmy Swaggart Ministries (JSM), in which JSM acknowledged that it had endorsed Pat Robertson’s 1988 presidential candidacy. JSM agreed that it had endorsed Mr. Robertson through statements by Jimmy Swaggart from the pulpit of his church and in the JSM monthly magazine, and agreed to refrain from further political activities. In conjunction with the settlement, the IRS released a statement clarifying its policy on the political involvement of ministers:

*When a minister of a religious organization endorses a candidate for public office at an official function of the organization, or when an official publication of a religious organization contains an endorsement of a candidate for public office by the organization’s minister, the endorsement will be considered an endorsement by the organization since the acts and statements of a religious organization’s ministers at official functions of the organization and its official publications are the principal means by which a religious organization communicates its official views to its members and supporters.*

In the same statement, however, the IRS clarified that pastors and other church leaders are free to become personally involved in political campaigns, “so long as those ministers or officials do not in any way utilize the organization’s financial resources, facilities, or personnel, and clearly and unambiguously indicate that the actions taken or statements made are from the individuals and not of the organization.

### Criticism of Political Candidates

Churches and religious organizations concerned about their tax-exempt status must be careful of the

timing and the extent to which they criticize a political candidate during an election year.

In one case, a federal court ruled that the Christian Echoes organization had intervened in political campaigns by using its publications and broadcasts to attack candidates and incumbents who were considered too liberal. Specifically, the court stated that in 1961, the organization had criticized President Kennedy and urged its followers to elect conservatives such as Senator Thurmond; several years later, the ministry also urged its followers to defeat Senator Fulbright, criticized President Johnson and Senator Humphrey, and at its annual convention, endorse Senator Goldwater as a presidential candidate.

Relying on similar reasoning, the IRS recently revoked the tax-exempt status of Branch Ministries (a religious organization doing business as “The Church at Pierce Creek”) because the organization had placed a partisan political advertisement in USA Today and The Washington Times opposing the presidential candidacy of Bill Clinton four days prior to the 1992 presidential election.

### Distribution of Voting Records and Candidate Surveys

A church or religious organization may publish voting records so long as it remains non-partisan and does not indicate a preference towards any particular candidate in an election. In 1980, for instance, the IRS upheld the tax-exempt status of a charitable and educational organization which monitored and reported on judicial and legislative activities and developments in a monthly newsletter distributed to approximately 2,000 persons nationwide. The organization published a summary of the voting records of each member of Congress on selected legislative issues important to it, along with an expression of the organization’s position on these issues. The IRS reasoned that since the newsletter was issued on a monthly basis to a small number of readers, the organization was not targeting a particular geographic area or seeking for the date of publication to coincide with an election campaign. Furthermore, the newsletter did not identify which members of Congress were up for re-election, issue any comment on an individual’s overall qualifications for office, or expressly endorse or reject any candidate for office.

In contrast, The IRS revoked the tax-exempt status of a religious organization in part because of the organization’s “voter survey”. Despite containing a disclaimer of any endorsement, the survey clearly identified Christian candidates by their positions, which served the organization’s objective of publicizing such candidates. The organization also advocated that Christians dominate the political parties so that more Chris-

tian candidates would be nominated and elected to political office.

### Providing a Public Forum

A 1974 IRS ruling concerning a broadcasting station held that a tax-exempt organization could provide air time to qualified candidates for public office, so long as it made such time equally available to all candidates. The station had expressed that the candidates views were not necessarily those of the station, and that the presentation was a public service to educate its viewers. By way of analogy, a church or religious organization should be able to provide a public forum to political candidates, as long as it carefully avoids any implication of an endorsement. Even more consistent with this ruling would be to make the forum available to all candidates.

### IRS Penalties for Engaging in Political Activities

A church or religious organization which engages in political activities may be subject to excise taxes, an injunction, and the revocation of its exemption.

Two tiers of excise taxes are imposed on a section 501(c)(3) organization involved in political activities. The first tier tax is equal to ten percent of the amount of each political expenditure, unless the IRS determines that the expenditure was not willful or flagrant. The second tier tax is a 100 percent excise tax on the amount of the political expenditure *if* the expenditure is not corrected within the period beginning on the date the expenditure occurs and ending on *either* the earlier of the date of mailing of a notice of deficiency with respect to the first tier tax or the date on which such a tax is assessed.

The IRS may also enjoin a public charity from making further political expenditures whether or not the 501(c)(3) status is revoked. Finally, the IRS may terminate an organization's exemption for the current or immediately preceding taxable year if it makes political expenditures that constitute flagrant violations of the prohibition against political activities.

### Conclusion

Tax exemptions for churches and religious organizations are a privilege and not a constitutional right. In fact, to acquire and maintain this privilege, churches and religious organizations may have to for-

sake heretofore protected constitutional rights under the First Amendment.

The cases discussed above demonstrate that a church or religious organization which desires to acquire or maintain a tax-exempt status must always remain vigilant. Therefore, it could decide to avoid any involvement in legislative or political activities. Alternatively, it could take a risk-adverse approach, such as reporting pending legislation and political candidates in an objective manner only and issuing disclaimers that it does not endorse any legislation or candidate. No matter what the approach, however, there is no guarantee that the IRS will not conduct an audit. Tax-exempt churches and religious organizations, therefore, must maintain meticulous records of their activities and expenditures in the event of an audit.

On the other hand, Jesus Christ challenged all Christians, and the Church, to be "the salt of the earth" and "the light of the world." In this age, it requires that the Church address the deteriorating state of the Judeo-Christian moral structure in our society and the continuing rise of the modern secularistic state. It may be difficult, however, to do so without participating in the ongoing political and legislative debate on critical issues affecting the moral climate of our society, such as abortion, education, and parental rights. Hence, a church or religious organization that desires to impact society may question whether the dollars saved as a result of the tax-exempt "privilege" are worth the price of becoming culturally irrelevant.

Such a church or religious organization could establish a separate entity under section 501(c)(4) of the Code, which could promote "social welfare" but would not qualify for tax-deductible contributions. The most direct approach, of course, would be to simply forego efforts to maintain a tax-exempt status, and invest unreservedly in engaging every facet of our society, including the political realm.

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