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Church declared tax-free

The IRS says Scientology can be called a religion

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CLEARWATER — The Church of Scientology has won the right to call itself a bona fide, tax-exempt religion, a goal that eluded the sect's late founder, L. Ron Hubbard, for decades.

News of the Internal Revenue Service (IRS) decision granting the church tax-free status drew cheers at the church's International Spiritual Headquarters in Clearwater.

But it brought frustration to local government officials who had hoped to collect nearly \$8 million in property taxes on 11 properties in Clearwater and one in Tampa.

"The IRS has kind of taken the wind out of our sails," said Pinellas County Property Appraiser Jim Smith. It will be tougher now to make the church pay taxes on any of its \$27.5 million worth of property in Clearwater, he said.

Scientologists also sought tax-exempt status on property at 3617 Henderson Blvd. in Tampa, which Hillsborough County Property Appraiser Ron Alderman denied. Alderman's attorneys are reviewing the IRS's decision and how it impacts that Scientology building.

Scientologists have filed dozens of lawsuits against the IRS over the last 40 years because it refused to grant most of the church's branches — including those in Pinellas and Hillsborough counties — tax-exempt status.

As part of an Oct. 1 settlement, the IRS granted tax-exempt status to the remaining 153 of Scientology's 167 corporate entities.

"We've always been legitimate," said Marty Rathbun, president of the church's newly tax-exempt Los Angeles-based Religious Technology Center. "Now that the U.S. government is saying it — all the better."

Three thousand Scientologists from around the country came to a party at the church's Fort Harrison Hotel in Clearwater this weekend to hear Scientology leader David Miscavige announce via satellite from Los Angeles that "the war is over" with the IRS, Rathbun said.

Mayor Rita Garvey said the ruling didn't legitimize Scientology in her eyes.

In the 1970s, the Scientologists bought the Fort Harrison Hotel under the name of "United Churches of Florida." And a group of 11 Scientologists went to jail for installing listening devices in an IRS office in Washington, where the church's tax status was being discussed.

Rathbun said those church members were expelled, but Garvey said she's seen no change in the church's tactics over the years.

"They just put on a good front, and they hire expensive lawyers," Garvey said.

The IRS ruling means the main component of Scientology — one-on-one counseling sessions called "auditing" in which members release unpleasant memories from their mind — is a religious process.

Members can now deduct the fees for auditing, which average \$400 an hour, Rathbun said.

"I just don't believe that a church is one-on-one with a counselor," said City Commissioner Fred Thomas. "I consider that a business function."

"Scientology is serving a need that exists — otherwise people wouldn't go there," Thomas said. "The problem is the Scientologists get a free ride from the back of the Clearwater taxpayer."

Smith and the Scientologists' attorney Paul Johnson have agreed to appear before a mediator to discuss real estate taxes on church property but have set no date for that meeting. Other churches in Pinellas pay taxes on property not used specifically for religious purposes, Smith said.

Not all 11 properties owned by the Church of Scientology are used for religious purposes, he said. For instance, the Church of Scientology uses an apartment complex to house its workers and part of the Fort Harrison Hotel as a hotel and should pay taxes on that portion of it, Smith said.

That same standard is used by Dade County in assessing taxes on Church of Scientology property.

But Johnson disagreed with Smith's assessment.

"All we have to demonstrate now is that the properties here in Clearwater are used for religious purposes — I think every single one of them [is]," Johnson said.