

# San Francisco Archdiocese sues over ruling on property transfer taxes

SAN FRANCISCO - The Archdiocese of San Francisco has filed a lawsuit in San Francisco Superior Court challenging the Office of the Assessor-Recorder's determination that it must pay property transfer taxes for moving church properties from one nonprofit entity to another.

The archdiocese said in an April 21 statement that the San Francisco Transfer Tax Review Board in a Jan. 26 decision issued a written administrative finding that the archdiocese was not exempt from a transfer tax, "despite the fact that the law pertaining to intra-church property transfers of this nature is overwhelmingly in favor of the archdiocese."

Last November in a unanimous ruling, San Francisco's Transfer Tax Appeals Board upheld an effort by Phil Ting, who heads the assessor-recorder's office, to collect \$14.4 million in taxes from the archdiocese.

According to the lawsuit, Ting claims the archdiocese owes a total of \$21.7 million, including penalties and interest.

The San Francisco Archdiocese argues that imposing the transfer tax "on a purely intra-denominational reorganization is outside the San Francisco ordinance."

It also "violates the California and U.S. Constitution by imposing a tax on a church for exercising its recognized constitutional rights to choose and change those civil law corporate forms that best accommodate its religious structure and needs," the

archdiocesan statement said.

Levying the transfer taxes, penalties and interest “on a religious organization in connection with an internal restructuring involving no exchange or receipt of money from which to pay any tax is inequitable.”

Such an action “threatens to confiscate substantial church assets that are devoted to religious purposes,” the archdiocese said.

Last fall when the appeals board upheld Ting’s decision to impose the tax, the archdiocese said at the time that months earlier it had presented his office with “a straightforward transaction” requesting to change the titles of ownership on various pieces of property, including churches, vacant lots, apartment buildings, schools and storefronts around the city.

But it said it faced “inexcusable delays and, at times, arrogance” from the Office of the Assessor-Recorder in its handling of the request.

In a statement e-mailed to Catholic News Service April 22, Ting said he was “deeply saddened” by what he described as “ad hominem attacks levied on me by the Catholic Church.”

“My office is simply enforcing the law - equally and fairly for all,” he said.

In its lawsuit, the archdiocese asks the court to direct the Transfer Tax Review Board to set aside its ruling and the assessor-recorder to withdraw the delinquent tax notices, as well as award the archdiocese its attorneys’ fees and costs.