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No. 1232

UPERIOR COURT OF THE DISTRICT OF COLUMBIA  
Tax Division

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TAX DIVISION

DEC 21 1984

FILED

CHRISTIAN COLLEGE CONSORTIUM, :  
INC., et al., :

Petitioner, :

v. :

DISTRICT OF COLUMBIA, :

Respondent. :

Tax Docket No. 3353-84

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

This matter came before the Court on November 1, 1984, on Cross-Motions for Summary Judgment. Petitioners seek exemption from real property taxes for Tax Year 1983 pursuant to D.C. Code (1981 ed.) provisions exempting schools, colleges, and universities, §47-1002(10); places of religious training, and study, §47-1002(14); and administrative headquarters, §47-1002(17). The District contends that the property is not entitled to an exemption under these or any other categorical exemptions.

This Court has jurisdiction to hear this appeal pursuant to D.C. Code §§11-1201 and 47-1009 (1981 ed.).

FACTS

The material facts of this case are not in dispute and may be briefly summarized:

1. Petitioners are a non-profit corporation authorized to conduct their affairs in the District of Columbia. The property in question is 14 4th Street, N.E., known as Lot 833, Square 786.

2. Petitioner Christian College Consortium, Inc., is a non-profit foreign corporation authorized to conduct its affairs in the District of Columbia. The Christian College Consortium, Inc. [hereinafter Consortium] holds tax-exempt status for purposes of federal income tax under Internal

Revenue Code §501(c)(3) and District of Columbia sales and use tax, personal property tax, and franchise tax.

3. Petitioner Christian College Coalition [hereinafter Coalition] was, until recently, an unincorporated division of the Consortium. In 1982 the Coalition was incorporated under the District of Columbia Non-Profit Corporation Act. The Coalition is also exempt from federal income taxes under §501(c)(3) and D.C. sales, use, personal property, and franchise taxes.

4. The Consortium purchased the subject property on September 3, 1981, and made application for an exemption for the property on November 4, 1981. The Coalition obtained title to the property in August, 1983, and made application for an exemption in February, 1984.

5. Since their inception, each corporation has had as its principal purpose the promotion of evangelical Christian higher education and the servicing of member colleges in that pursuit. Since 1976, the corporations have administered the American Studies Program [hereinafter A.S.P.], a Washington, D.C.-based internship and academic program for students enrolled in member colleges. The primary activity of the program is exposure to the nation's capital by students whose colleges are outside the Washington metropolitan area.

6. Matters such as tuition, financial aid, admissions, credit hours, and grades are handled by the student's member college. During the spring and fall semesters, approximately thirty students, from almost as many colleges, participate in the A.S.P. Fewer students enroll in the shorter summer sessions. Each student is placed in non-paying internships in local and federal government agencies and offices, businesses, public interest and research groups, courts, and other offices.

7. The faculty of the A.S.P. consists of:

Dr. John A. Bernbaum, Director and Vice-President  
of the A.S.P. - Ph.D. in History, University of  
Maryland

Dr. Jerry S. Herbert, Associate Director - Ph.D.  
in Political Science, Duke University

Richard L. Gathro, Associate Director - M.A.  
in Theological Studies, Wesley Seminary,  
Washington, D.C.

8. A.S.P. students are required to perform a minimum of twenty hours per week of uncompensated internship work at an approved placement. A.S.P. semester seminar programs are organized into one-month academic modules with each module focusing on issues in one of four categories: The Presidency, Domestic Politics, The Economy, and International Affairs. Academic requirements for each module consist of selected readings, discussions, research project, papers, and examinations.

9. In addition to the academic and internship requirements, students are required to have individual conferences during the semester with a faculty member, who acts as an internship monitor, maintains contact with the student's supervisor, and pays on-site visits to the placement location.

10. A multi-disciplinary program focusing on issues in American politics and policy-making, the A.S.P. is the "Washington campus" of the Coalition colleges. None of the Washington schools is a member of the Coalition. As indicated by the program's brochure, when, on rare occasions, a student from a non-member college is admitted to the A.S.P., he or she must pay an additional fifty dollars (\$50.00) per month of attendance. Thus, if a student from a Washington, D.C., school wished to participate, he or she, if admitted, would have to pay the extra monthly charge.

11. The subject property, DeArmond House, is a three-story townhouse which includes faculty offices, sleeping quarters, and activity areas. Seminar classes are held at the property. For Tax Year 1983, the property was assessed at \$225,209.00.

12. The property is not owned by any one religious body, but the participating colleges adhere to a general fundamental Christian belief. The curriculum is designed to incorporate that perspective in the review of domestic and foreign affairs.

#### CONCLUSIONS OF LAW

At issue in this case is whether petitioners' use of the subject property entitles it to tax-exempt status pursuant to D.C. Code (1981 ed.) as a building used by a school, college, or university, §47-1002(10)), a building owned by a religious corporation and used for religious training and study (§47-1002(14)), or a building owned and used as administrative headquarters for otherwise exempt organizations (§47-1002(17)). After careful consideration of the pleadings and records of the case, and the arguments of counsel, the Court concludes petitioners' property is entitled to exemption under subsections 10 and 17.

#### A. Section 47-1002(10)

Title 47, Section 1002(10) (1981 ed.) provides that real property exempt from taxation in the District of Columbia shall include:

Buildings belonging to and operated by schools, colleges, or universities which are not organized or operated for private gain and which embrace the generally recognized relationship of teacher and student.

Although the real property in issue technically does not belong to and is not operated by schools, colleges or univer-

sities, it is owned and operated by non-profit entities whose membership is composed of 71 fully-accredited, non-profit, four-year liberal arts colleges. The Consortium/Coalition form of ownership merely creates the mechanism whereby small colleges, who individually lack the resources and students to maintain and sustain an American Studies Program, may join together in order to collectively operate such an educational program for qualified students. The cooperative nature of the A.S.P. in no way diminishes the educational nature of the corporations who own the property in issue.

In fact, the legislative history suggests that a cooperative educational venture such as the American Studies Program operated not for private gain was contemplated by Congress, and that such a venture fits the requirements of an educational institution embracing the relationship of student and teacher. Specifically, the Brookings Institution was discussed, and Congress concluded that where students were on fellowship from cooperating universities and Brookings received money from cooperating schools for the fellowship program, the Institution deserved tax-exempt status. House Report No. 2635, 77th Cong., 2d Sess. 3, 4 (1942). By analogy, the cooperative nature of the A.S.P. should not be fatal to petitioners' exemption from real property taxes.

Respondent contends that an exemption is unwarranted because the property does not embrace the generally recognized relationship of teacher and student, and that the students are not enrolled at the Consortium or Coalition, but remain students of their member colleges. Respondent supports this argument by pointing out the fact that tuition, application for financial aid, admissions requirements, and credits are handled through each member college. The Court

concludes that although those procedures are traditionally handled by the school or college, petitioners do offer a bona fide educational program. As the program's brochure indicates, the A.S.P. serves as the "Washington campus" of the 71-member colleges. Students of member and non-member colleges combine academic exercises and traditional learning tools with practical pre-vocational experiences gained through placements in internships throughout the District of Columbia.

Academically, the A.S.P. is organized into seminar classes which are set up into four one-month units or modules of intensified study. Each unit focuses on a topic of American Studies: The Presidency, Domestic Politics, The Economy, and International Affairs. Requirements for each unit include mandatory reading, small group discussions with a maximum student-teacher ratio of approximately 10:1, research projects, classroom participation, and examinations. For every hour spent in class the A.S.P. semester student averages three hours of outside schoolwork. Seminar classes meet for two to three hours, three times per week. The summer classes meet less frequently.

The seminars are conducted by the three A.S.P. faculty members and administrators:

Dr. John A. Bernbaum, Director and Vice-President  
of the A.S.P. - Ph.D. in History, University of  
Maryland

Dr. Jerry S. Herbert, Associate Director - Ph.D.  
in Political Science, Duke University

Richard L. Gathro, Associate Director - M.A.  
in Theological Studies, Wesley Seminary,  
Washington, D.C.

Students are required to have one-on-one conferences during the semester with a faculty member who acts as "internship monitor." This faculty member maintains close contact with

the student's internship supervisor and pays on-site visits. In addition, students meet periodically in small groups with a staff member.

The subject property is used for seminars and lectures, for studies where faculty members meet with students, for social activities that are a part of the A.S.P., as well as for temporary residences for visiting students, their parents and visiting faculty. Clearly the Consortium and Coalition function as a school providing educational opportunity through traditional student-teacher relationships.

The fact that none of the District's schools is a member of the Consortium or Coalition does not diminish the educational value of the A.S.P. or disqualify petitioners from exemption. Respondent argues that the additional \$50.00 monthly charge, imposed on all non-members and which District residents would have to pay, assures exclusion of District students; and thus petitioners have failed to sustain the burden implicit in the exemption entitlement that the educational service performed relieves the District of Columbia of a burden it would otherwise have to assume. See Washington Chapter of American Institute of Banking v. District of Columbia, 203 F.2d 68, 70 (D.C. Cir. 1953). Similar to respondent's arguments here, appellants in District of Columbia v. Mount Vernon Seminary, 100 F.2d 116, 119 (D.C. Cir. 1938) argued that since many students in attendance at appellee's seminary were non-residents of the District of Columbia, and additionally had to meet a certain financial and social standing acceptable to appellees, appellees were thereby barred from obtaining the benefit of the education tax exemption. (a predecessor statute to §47-1002(10)). The Court held appellant's concern had no bearing on the question of the seminary's entitlement to exemption. The Court wrote:

There is no qualification, expressed or implied, in the statute favoring institutions which cater to all classes of persons or solely to residents of the District of Columbia. While tax exemption statutes should be strictly construed, that principle does not justify the interpolation of such qualifications into a statute, clear in its meaning, for the purpose of defeating the privilege granted.

Id. at 119. "The important consideration," according to the Mount Vernon Seminary court, "is that the school shall measure up to standards of curriculum and pedagogy set up by government." Id. at 119. So long as this criteria is met, the school performs a function which must otherwise be performed by the government, and thereby comes within the reason for the subsidy implicit in a tax exemption. Id. at 119. The Court is satisfied the A.S.P. curriculum is sufficiently stringent. As previously discussed, the multi-disciplinary program offers structured academic and work environments to its students. Upon completion of the program, they can receive as many as sixteen semester-credit hours toward matriculation from fully-accredited colleges. In sum, petitioners' use of the property for educational purposes meets all of the requirements and goals of the statutory exemption.

**B. Sections 47-1002(17) and 47-1002(14)**

Petitioners also claim exemption under §47-1002(17) (1981 ed.) as an administrative headquarters and under §47-1002(14) as a religious corporation.<sup>\*/</sup> Subsection 17 requires that the building be owned and occupied by a corp-

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<sup>\*/</sup> Petitioners, having qualified for exemption under §47-1002(10), the Court is not required to consider the question of their entitlement to any other exemptions. However, the Court chooses to address several matters about petitioners' other claims.



oration that administers or coordinates activities of organizations entitled to exemption under §§47-1002, 1005, and 47-1007 to 1010. Each of the member colleges that constitute the Consortium/Coalition fits the definition under §47-1002(10) of "schools, colleges, or universities which are not organized or operated for private gain, and which embrace the generally recognized relationship of teacher and student." Under the language of §47-1002(10), the property would be exempt if it belonged to a member institution of the Consortium/Coalition. The Court concludes the property is similarly exempt from real estate taxes because it belongs to and is operated by a non-profit corporation consisting of numerous member colleges who all meet the requirements of §47-1002(10).

Further, the Court finds petitioners are organized for and charged with the "administration, coordination, and unification of activities" of the member Christian colleges in the program. §47-1002(17). Petitioners act as extensions of each member college, coordinating and overseeing their student's participation in the A.S.P. at the colleges' Washington, D.C. campus. The legislative history to §47-1002(17) indicates that Congress intended to exempt institutions which have "connection with local problems or local activities, in some form or other." House Rep. No. 2635, 77th Cong. 2d Sess. 6 (1942). The congressional committee did not attempt to define the ramifications of those activities. As long as the work of the institution embraces the District, they are exempt. Id. at 6. There is no question that the A.S.P., designed to instruct American public policy and politics through the classroom and internships in Washington, D.C., chose the nation's capital as uniquely suited for such instruction, and that its operation as such embraces the District.

Finally, petitioners contend their use of the subject property meets the requirements of D.C. Code §47-1002(14) (1981 ed.) which exempts

Buildings belonging to religious corporations or societies primarily and regularly used for religious worship, study, training, and missionary activities.

The Court concurs with respondent that petitioners have not shown they conduct missionary activities; in addition, the Court is not convinced that another primary use of the property is for religious worship. The program's brochure reveals that the principal activity is coordination of academic and intern programs for students seeking first level degrees at member colleges. Although the course content reflects a particular religious bias, the total program is not operated in a manner that indicates it includes religious worship, study, training, and missionary activities.

Petitioner, therefore, is not entitled to exemption under subsection 14. However, because petitioner meets the requirements of §§47-1002(10) and (17), its failure to qualify under §47-1002(14) is not fatal to its entitlement to tax-exempt status.

ORDER

Based upon the foregoing findings of fact and conclusions of law that petitioners meet the statutory requirements of §§47-1002(10) and (17) (1981 ed.) entitling them to exemption, this Court has determined that petitioners' Motion for Summary Judgment should be granted, and respondent's Cross-Motion for Summary Judgment should be denied.

Wherefore, it is this 21 day of December, 1984,

ORDERED that petitioners' Motion for Summary Judgment be, and hereby is granted; and that respondent's Cross-Motion for Summary Judgment be, and hereby is, denied.

  
JUDGE IRALINE G. BARNES

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