

Tax exemptions restrict freedom of Catholic press

By Cindy Wooden
NC News

BALTIMORE — Because of their tax-exempt status, "Catholic newspapers play by a different set of rules than secular newspapers" when covering political campaigns, said an associate general counsel for the U.S. bishops' conference.

Deirdre A. Halloran, who advises the bishops' conference on tax matters, said that by mid-June the conference's legal advisers will ask the Internal Revenue Service for a meeting intended to clarify what limitations the tax-exempt status places on religious publications.

Halloran and Kevin Baine, a First Amendment lawyer with the Washington firm of Williams and Connolly, discussed the exemption question May 25 during a workshop on "The First Amendment, Non-profit Publications and Election Coverage" at the Catholic Press Association's annual convention in Baltimore.

Halloran began her presentation by reviewing a period of confusion among the Catholic press during the months preceding the 1988 elections. This confusion had arisen largely from a memo, issued by NCCB general counsel Mark Chopko, cautioning church leaders, institutions and publications about political involvement.

Diocesan newspapers and many other Catholic periodicals in the United States are covered under a group tax exemption granted to the National Conference of Catholic Bishops-U.S. Catholic Conference. IRS rules for tax-exempt groups prohibit them from participating or intervening on behalf of political candidates, Halloran said, noting that these rules are extremely vague.

The only action explicitly prohibited by the rules is the publication or distribution of statements by political candidates, Halloran said.

News stories about candidates, political advertisements and letters to the editor are

not mentioned in the IRS rules, she said, so the cautions contained in the general counsel's memo came from "our own best judgment."

"In its most basic form, the rule is that biased voter-education material is bad," she said. While candidate surveys are allowable, they cannot be limited to a single issue or a narrow range of issues.

"In other words, (the narrowness of such issues) somehow taints the material," Halloran said. "This is the kiss of death for much pro-life voter-education material and has also been a source of difficulty with respect to many campaign news features: To what extent does reporting the opinions of the candidates on a narrow range of issues violate the political-activity restriction?"

Newspapers that accept political advertising — which represents a large source of income — must accept ads from all candidates, she said. Accepting such ads, however, "might backfire" because "the readers don't understand why you might have a pro-choice candidate's ads," she said.

A policy of providing free or reduced-rate ads to candidates would clearly be in violation of IRS rules about contributing to a political campaign, she said.

Nevertheless, she said, "in my opinion, the Catholic press need not stand back from normal campaign coverage provided the story does not endorse or oppose a candidate."

At the same time, Halloran cautioned members of the Catholic press against inserting statements on official Church into candidate-survey charts or articles describing candidates' positions. Likening such statements to "the answer key" of a test, she said they could be read as endorsement of or opposition to a candidate.

In his segment of the presentation, Baine noted that members of the Catholic press could use various legal tactics to challenge

Courier wins three Catholic press awards

BALTIMORE (NC) — The National Catholic Register and diocesan newspapers in Austin, Texas, St. Cloud, Minn., and New York City won top honors in the 1989 Catholic Press Association newspaper awards.

The *Catholic Courier* won three awards in the annual competition, whose results were announced May 26 at the annual Catholic Press Association convention in Baltimore.

Catholic New York, newspaper of the New York Archdiocese, won top prize for general excellence among diocesan newspapers with circulations greater than 40,000. *The Voice*, newspaper of the Archdiocese of Miami, finished second, and *The Catholic Register*, newspaper of the Archdiocese of Baltimore, finished third.

The general excellence winner for diocesan newspapers with circulations between 17,001 and 40,000 was the *St. Cloud Visitor*, newspaper of the Diocese of St. Cloud, Minn. Awarded second place was *The Michigan Catholic*, newspaper of the Archdiocese of Detroit, while third place went to *The Chronicle of Catholic Life*, Pueblo, Colo.

The Catholic Spirit, newspaper of the Diocese of Austin, won first place in the general excellence category for diocesan newspapers with a circulation of up to 17,000. Finishing second was the *Hawai Catholic Herald*, Honolulu, and third was *Catholic East Texas*, Tyler.

The Los Angeles-based *National Catholic Register* won first place in the "general excellence" category for national newspapers. *The National Catholic Reporter*, based in Kansas City, Mo., finished second, and *Catho-*

lic Twin Circle, Los Angeles, finished third.

In other categories, *The Catholic Voice*, of Oakland, Calif., won the award for Best Front Page among tabloid-size papers using black ink only. *The Catholic Courier* won second place in this category. *Hawai Catholic Herald*, Honolulu, won first place for tabloids using two or three colors. *The Catholic Observer*, Springfield, Mass., won first place among tabloids using four-color process. *Pittsburgh Catholic* took first place among four-color broadsheet papers. *Catholic Herald* of Superior, Wis., won first place among broadsheets using two or three colors. No winners were named among broadsheet papers using black ink only.

First-place honors for Best Photo Story Originating with the Newspaper went to the *Catholic Bulletin* of St. Paul, Minn., for a photo essay on the Mass. The *Catholic Courier* received second place for former photographer Bonnie Trafelet's picture story on Father Conrad Sundholm's aviary.

The category Best Photograph Originating with the Newspaper was divided into four sub-categories. First-place honors for Best Feature Photo, Black and White, went to *The Michigan Catholic* of Detroit. Best Feature Photo, Color was won by *The Catholic Observer* of Springfield, Mass. *Catholic Courier* photographer Linda Dow Hayes received an honorable mention in this category for her abstract photo of a house adorned by Christmas lights.

First place for best black-and-white news photo went to *Catholic New York*, which also won the first place award for best color news photo.

the regulations in court, but cautioned that the Supreme Court "fiever" rules against the IRS.

He said recent court rulings have tended to discuss exemptions in terms of benefits — as opposed to rights — which the government chooses to give to organizations, and which may carry restrictions of the recipients' freedoms.

Even so, Baine said, "We all have a right to speak out on political issues." And religious publications have even greater constitutional guarantees because of the free press and free exercise of religion

clauses in the First Amendment.

"The fact that your religious beliefs touch on civil issues doesn't negate your right to exercise your religious beliefs under the Constitution," he said.

But by accepting a tax-exempt status, religious publications also accept IRS strictures on political activity, he said.

Considering the lack of clarity in current IRS guidelines, "it would be foolish for the Catholic press to assume that they could exercise full constitutional rights and still maintain their tax-exempt status," Baine said.

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Diocesan Appointments

Bishop Matthew H. Clark has announced the following diocesan appointments:

Father Robert B. Hale from parochial vicar to pastor of Christ the King Church, Rochester, effective July 1.

Father Frank E. Lioi from vice rector and director of development of the American College at Catholic University of Louvain, Belgium, to pastor of St. Anne's Church, Rochester, effective August 8.

Father Charles L. McCarthy from administrator of St. Mary of the Assumption Church, Scottsville, to paro-

chial vicar at St. Pius X Church, Chili, effective June 27.

Father Donald McCarthy, CSB, from pastor of Christ the King Church, Rochester, to parochial vicar at St. John of Rochester Church, Fairport, effective July 1.

Father George T. Smith, CSB, from St. Basil's Seminary, Toronto, to priest intern at Christ the King Church, Rochester, effective September 16.

Father Joseph A. Trovato, CSB from St. John Fisher College to parochial vicar at Christ the King Church, Rochester, effective July 1.

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