

**Understanding the Parsonage Allowance**  
*Freedom From Religion Foundation v. Lew*

**1. Background: What is the Parsonage Allowance?**

- For centuries, ministers have lived in church-provided housing—often called a parsonage—located near the church. Living near the church helps ministers meet the spiritual needs of their congregations.
- Shortly after Congress enacted the federal income tax in 1913, it declared that parsonages would be tax-free, in order to reduce conflicts between church and state. Parsonages have been tax free ever since.
- Over time, the parsonage system evolved, and many churches—especially smaller, poorer ones—found it more useful to provide a cash housing allowance than a physical parsonage. In 1954, Congress declared that these “parsonage allowances” should receive the same tax treatment as physical parsonages.
- Parsonages and parsonage allowances are now a crucial means by which churches provide for their ministers

**2. The Lawsuit Challenging the Parsonage Allowance**

- In a surprise ruling in November 2013, a federal district court in Wisconsin struck down the 60-year-old “parsonage allowance,” threatening the ability of houses of worship across the country to provide for their ministers. The ruling left in place the tax exemption for physical parsonages.
- According to the court, the parsonage allowance “assist[s] a subset of religious groups” and therefore violates the Establishment Clause.
- The plaintiff in the case is an atheist group called the Freedom From Religion Foundation. It is not seeking a parsonage allowance for itself. Instead, it merely seeks to eliminate the allowance for everyone else.

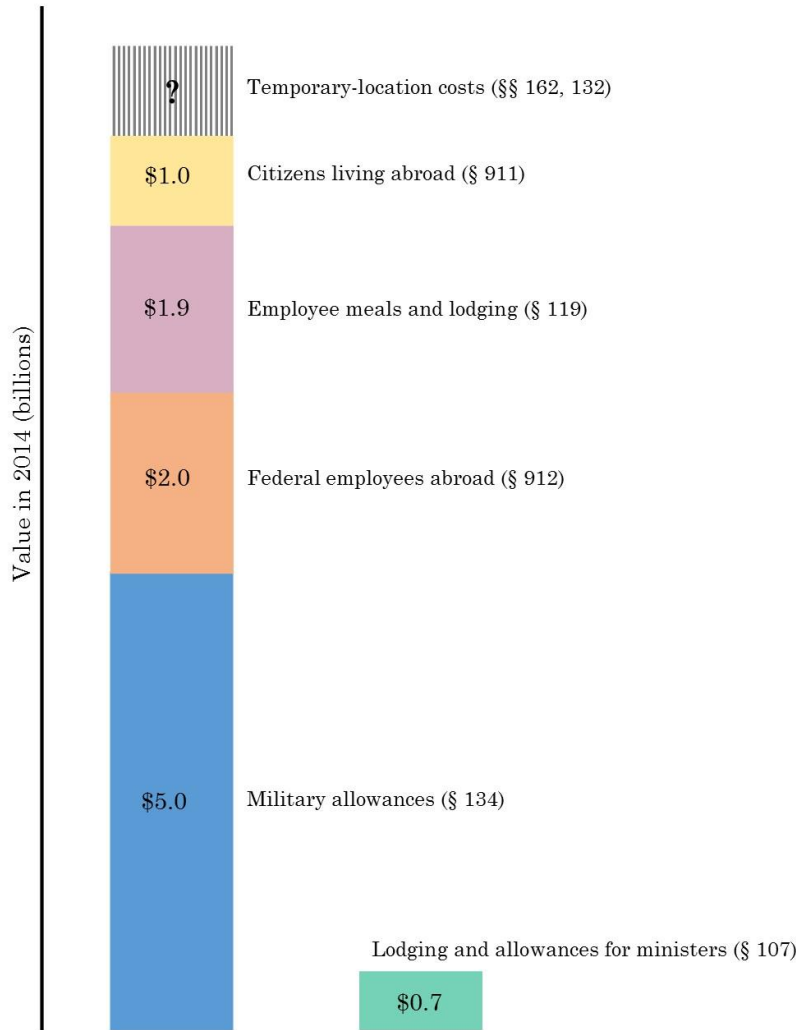


### 3. Why the Parsonage Allowance is Constitutional

- **Longevity:** The parsonage allowance has preserved the separation of church and state for over 60 years. It has never been struck down as unconstitutional, and there is no reason to get rid of it now.
- **Equality:** The parsonage allowance does not give a financial preference to churches. Rather, it places ministers on equal footing with a wide variety of secular employees who receive tax-free housing allowances. In fact, the parsonage allowance makes up only a tiny fraction of housing allowances throughout the tax code.
- **Non-Entanglement:** The parsonage allowance preserves the separation of church and state. If it is struck down, the IRS would have to scrutinize the relationship between churches and ministers, as well as how ministers use their homes, to decide if the home is tax exempt. Nobody wants the IRS deciding how ministers can and cannot use their homes.
- **Nondiscrimination:** The parsonage allowance reduces discrimination among churches. Wealthier, long-established churches can afford physical parsonages, but poorer, newer churches cannot. Treating physical parsonages and cash allowances equally ensures that all churches are treated equally.
- **Standing:** The plaintiffs—an atheist group called Freedom From Religion Foundation—have no right to challenge the parsonage allowance. They are not seeking an allowance for themselves; they are merely suing the IRS to strip it from everyone else. In general, nobody has “standing”—or a right to sue—to challenge the tax treatment of someone else.
- **Reliance:** Many ministers have worked for decades in reliance on the fact that their retirement benefits would include a tax-exempt parsonage allowance. Striking down the parsonage allowance now would severely undercut their ability to retire.



### Value of Housing Exemptions



#### Additional Information:

[Case Page](#) – (all legal documents, press releases, images, news, and additional resources)