OPINION NO. 381

DISTRICT OF COLUMBIA TAX COURT

FILED

FEB 24 1961

District of Columbia Tax Court

THE WASHINGTON PSYCHOANALYTIC SOCIETY, INC., Petitioner,	)	
vs.	)	DOCKET NO. 1715
DISTRICT OF COLUMBIA, Respondent.	)	

FINDINGS OF FACT AND OPINION

The petitioner is here appealing from an assessment of a real estate tax on an improved lot of ground in the District of Columbia owned by it. It is claimed by the petitioner that the property is exempt under the provisions of several subsections of Section 47-801a of the District of Columbia Code, 1951 Edition. The respondent on the other hand contends that the property is taxable.

Findings of Fact

1(a) The petitioner is a non-profit society or corporation organized pursuant to Chapter 6, Title 29, District of Columbia Code, 1951 Edition, with its principal office at 1720 M Street, Northwest, Washington, D. C.

(b) The objects and purposes of the petitioner as expressed in its charter are as follows:

> "To collaborate as an affiliate with the American Psychoanalytic Association; to study, promote and advance the science and art of psychoanalysis and allied branches of learning in their scientific, therapeutic and cultural aspects and to disseminate knowledge thereof to the medical profession and others interested therein. It shall also be the function of the Society to conduct the Washington Psychoanalytic Institute, and through this Institute to establish adequate qualifications for the practice of psychoanalysis; to give official recognition to those who have met these qualifications; to supervise the education of psychoanalysts; to represent psychoanalysis in the community; to develop the relationship of psychoanalysis to other disciplines; and to accept contributions, gifts and bequests in furtherance of these purposes."

2(a) The petitioner is the owner of Lot 78 in Square 162 in the City of Washington, D. C., improved by a building known as premises 1720 N Street, Northwest, hereinafter called "the building".

(b) The building consists of four stories, namely, a basement, having an area of 1620 square feet, exclusive of that occupied by the furnace of 324 square feet; a first floor, having an area of 1944 square feet; a second floor having an area of 850 square feet; and a third floor, having an area of 850 square feet.

(c) The basement of the building, exclusive of the part occupied by the furnace, was on July 1, 1960, and still is rented to a tenant, by reason of which the petitioner secured a rent.

The third floor of the building was, and still is rented to a tenant, by reason of which the petitioner secured a rent, for which the petitioner supplied heat and janitor service.

(e) The first and second floors were on July 1, 1960, and still are used by the petitioner and by the Washington Psychoanalytic Institute as hereinafter set forth.

3(a) The petitioner operates a school, known as the Washington Psychoanalytic Institute, hereinafter called "the Institute", for the teaching of the principles and practice of psychoanalysis as a branch of the practice of psychiatry.

(b) The entrance requirement of the Insitute is the graduation from a recognized medical school. An applicant meeting the requirement is accepted, regardless of race, color, creed or any other condition. Most, if not all students are practicing physicians.

(c) The course of teaching and study was the following. Classes were held each Saturday morning in three classrooms on the second floor of the building. Students attended the class once a week for one semester or once every two weeks for a course of a whole year. In addition each student was required, under

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the supervision of a practitioner in psychoanalysis and member of the petitioner, to treat a patient in psychoanalysis for two years. If, and when the course was completed successfully, the student was accepted as a member of the petitioner, and informally was recognized as a practitioner in psychoanalysis.

(d) The school is not operated for private gain and embraces the generally recognized relationship of teacher and student.

4(a) On the first floor of the building was a library, a large meeting room and an office occupied by the Executive Assistant of the petitioner and the Institute, who kept all student records, the books of account and correspondence relating to the Institute, arranged the schedule of classes, registered the students, notified them when classes met and collected the tuition. The greater portion of that officers time was devoted to the affairs of the Institute.

(b) The library was for the use of the members of the petitioner. In addition it was used by the students of the Institution on Saturday afternoons and Tuesday nights.

(c) The large meeting room was used for meetings, lectures and other gatherings of the members of the petitioner.

(d) There is no evidence upon which the Court can base or determine any apportionment of valuation of the portions of the building used by the tenants, by the petitioner or by the Institute.

5. On August 27, 1960, the assessing authority of the District of Columbia assessed Lot 78 in Square 162 a real estate tax for the fiscal year ending June 30, 1961, in the amount of $1,155.36, which has not been paid.

6. This case was filed on October 25, 1960.

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Opinion

The petitioner is an association of physicians employing psychoanalysis in the practice of psychiatry. It is here complaining of, and appealing from an assessment of a real estate tax on Lot 78 in Square 162, improved by a building known as premises 1720 M Street Northwest, Washington, D. C., owned by it, and which will hereinafter be referred to as "the building".

The petitioner conducts a school for the teaching of the principles and practice of psychoanalysis as a branch of the practice of psychiatry, known as the Washington Psychoanalytic Institute, hereinafter called " the Institute". Entry requirement is the graduation from a recognized school of medicine. [illegible]ing the requirement are accepted as students regardless of race, color or creed. The method of teaching is the following. A class is held on each Saturday forenoon at which instructors lecture to the students. If a student wishes to complete the classroom part of the course in a semester or half an academic year he must attend the classes every Saturday, but, if he so desires, he can complete the classwork in one academic year by attending classes every other Saturday. Each student is required for two years to treat a patient requiring psychoanalytic treatment under the supervision of a practitioner in psychoanalysis and a member of the petitioner. If some of the patients are unable to pay a reasonable bill for services they are treated at reduced rates, while others unable to pay are treated for nothing. The primary purpose of the treatment however, is for the benefit of the students. The benefit to the patients is incidental. When the student doctor completes the courses successfully he is accepted as a member of the petitioner and is informally recognized as a practitioner in psychoanalysis.

A substantial portion of the building, namely the basement (1) and the third floor, is rented to tenants for which the petitioner

(1) Less a small area occupied by the furnace.

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receives rental income. The second floor is devoted to the activities of the Institute. On the first floor are the library and meeting rooms for members of the petitioner. In addition is an office used by the Executive Assistant of the petitioner, who devotes her time to the activities and affairs of both the petitioner, as an Association, and the Institute, the latter of which takes up most of her time. The library is used at times by some of the students. The record does not disclose the comparative or relative value of the above portions of the building; and the Court has found that there is no evidence to determine the valuation of the portions of the building used by the tenants, by the petitioner or by the Institute.

The petitioner relies upon three subsections of Section 47-[illegible] Code in its claim to exemption. These subsections and the property which they exempt are the following:

> "(h) Buildings belonging to and operated by institutions which are not organized or operated for private gain which are used for purposes of public charity principally in the District of Columbia."
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> * * * * *
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> "(j) 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."
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> "(q) Buildings belonging to organizations which are charged with the administration, coordination, or unification of activities, locally or otherwise, of institutions or organizations entitled to exemption under the provisions of sections 47-801a to 47-801f, and used as administrative headquarters thereof."

Another section of Chapter 8 of Title 47 of the Code should be cited. It is Section 47-801b which relates to income producing property, and which reads as follows:

> "If any building or any portion thereof, or grounds belonging to and actually used by any institution or organization entitled to exemption under the provisions of sections 47-801a to 47-801f are used to secure a rent or income for any activity other than that for which exemption is granted such building or portion thereof, or grounds shall be assessed and taxed."

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The Court is of the opinion that the real property here involved is not entitled to exemption from taxation. While the petitioner is an institution "not organized or operated for private gain", the building is not used for public charity. Even if the treatment of the patients by the students had occurred in the building, which, of course, was not so, it could not be said that it was used for public charity. The benefit of the treatment was primarily to the students, and only incidental to the patients, who were somewhat in the nature of "guinea pigs" for the course of study and training. Section 47-801a(h), therefore, does not help the petitioner in its claim for exemption.

Section 47-801(j) likewise does not exempt the real property. [illegible] neither owned or operated by a school, college or university, no[illegible] [illegible]ing the fact that the Institute embraces "the generally recognized relationship of teacher and student", and regardless of the fact that it is open to all who comply with the entrance requirements. But even if it could be said that the building was owned and operated by the Institute, nevertheless, the Court would be compelled to hold that exemption was not permissible. A substantial portion of the building is rented to produce income and another portion is not used by the Institute. There is no testimony or evidence which would enable the Court to apportion the building or to determine the value of the several portions. Such failure of proof is fatal to the petitioner's case. Fellowship Foundation v. District of Columbia, D.C.B.T.A., Docket No. 1120. Affirmed per curiam. Fellowship Foundation v. District of Columbia, 86 U.S. App. D.C. 40, 179 F.2d 56.

For the reasons stated the Court holds that a real estate tax for the fiscal year ending June 30, 1961, in the amount of $1,155.36, upon Lot 78 in Square 162, in the City of Washington, District of Columbia, was validly assessed and must be affirmed.

Decision will be entered for respondent.

Jo. V. Morgan,
Judge.

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D E C I S I O N

This proceeding came on to be heard upon the petition filed herein; and upon consideration thereof, and of the evidence adduced at the hearing on said petition, it is by the Court, this day of February, 1961,

ADJUDGED AND DETERMINED, that a real estate tax for the fiscal year ending June 30, 1961, in the amount of $1,155.36, upon Lot 78 in Square 162, in the City of Washington, District of Columbia, was validly assessed and is hereby affirmed.

Jo. V. Morgan,
Judge.

Findings of Fact, Opinion &
Decision served as follows:

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Phyllis R. Liberti,
Clerk.

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