

Opinion No.  
1219

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

Tax Division

MAR 21 1984

WORLD PLAN EXECUTIVE COUNCIL :  
-- UNITED STATES, :  
 :  
Petitioner, :  
 :  
v. :  
 :  
DISTRICT OF COLUMBIA, :  
 :  
Respondent. :

Tax Docket Nos.  
3100-82 and 3199-83

ORDER

This matter came before the Court upon the parties' cross-motions for Summary Judgment. Oral argument was heard February 9, 1984. Petitioner claims entitlement to exemption from District of Columbia real property taxes, based upon D.C. Code §47-1002(8), (10), and/or (17) (1981). These provisions exempt:

- (8) 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;
- (10) 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;
- (17) 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 §47-1002, . . . and used as administrative headquarters[.]

The taxes in controversy are real estate assessments in the amounts of \$40,115 for tax year 1982 and \$39,797 for tax year 1983. This Court has jurisdiction over the petition by authority of D.C. Code §§11-1201 and 47-1009 (1981).

The material facts of this case are not in dispute. Therefore, upon consideration of the record, the Court makes

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FINDINGS OF FACT

1. Petitioner is World Plan Executive Council -- United States ("WPEC"), incorporated under the laws of the State of California as a non-profit charitable and educational institution with its principal office at Pacific Palisades, California. WPEC is authorized to transact business as a foreign corporation in the District of Columbia.

2. WPEC's primary purpose and objective as stated in its Articles of Incorporation is to teach the Science of Creative Intelligence and the theory of Transcendental Meditation, which seeks to promote development of mental abilities and creative intelligence affecting both the individual and the general public.

3. On or about March 11, 1980, WPEC purchased real property located in the District of Columbia known as Lots 8 and 9 in Square 2710 and Lots 800 and 801 in Square 2711, located at 5000 14th Street, N.W., with extensive improvements thereon previously known as the John Dixon home (hereinafter referred to as "the Property").

4. WPEC offers courses conducted by trained instructors in Transcendental Meditation and the Science of Creative Intelligence to the general public at the Property.

5. WPEC also utilizes the Property as a local center for practitioners of Transcendental Meditation, and provides lectures and other activities necessary to the Transcendental Meditation and the Science of Creative Intelligence course of study.

6. Three of WPEC's four operating divisions are located at the Property. The Property is used as an administrative headquarters for WPEC. The activities conducted on the Property include the design, writing and printing of educa-

programs via satellite; supervision of the training and placement of faculty; collection of course fees received at approximately 200 teaching centers throughout the United States; and payment of expenses of WPEC.

7. WPEC has offered courses for academic credit at Stanford University and over forty other universities in the United States and Europe.

8. WPEC has been granted an exemption as an educational institution for federal income tax purposes under Internal Revenue Code §501(c)(3).

9. WPEC has been granted real property tax exemption for property used for similar activities in Colorado, Louisiana, Massachusetts, Missouri, New Jersey and New York.

10. WPEC has been granted exempt status by the District of Columbia for Sales and Use Tax, Income and Franchise Tax, and Personal Property Tax on the basis of its educational and/or charitable nature.

11. WPEC is an affiliate of Maharishi International University -- College of Nature Law (hereinafter referred to as "MIU"), a non-profit organization and accredited university located in Washington, D.C. MIU has been granted an educational exemption from the District of Columbia Real Property Tax under D.C. Code §47-1002(10) (1981 ed.).

12. The Property serves as an administrative headquarters for MIU. The activities of WPEC at the Property include coordinating the administration of MIU courses at teaching centers throughout the country; collecting MIU course fees at the teaching centers; providing clerical and administrative assistants to the local campus of MIU in Washington, D.C.; researching and negotiating the purchase of materials necessary for the operation of MIU's campus; providing a video studio for educational courses; publishing and distributing teaching

and administrative materials used in MIU courses; and providing financial assistance through loans and guarantees of financial obligations of MIU.

13. The District of Columbia Educational Institution Licensure Commission has stated that the Transcendental Meditation program systematically develops a creativity and general intelligence of the student and that scientific research indicates that students involved in this educational program experience improved concentration and memory and learning ability.

14. Although WPEC has not been granted accreditation as a school in the District of Columbia, the teaching of Transcendental Meditation principles and practice through public lectures and personal instruction involves the student-teacher relationship.

15. WPEC's seven corporate goals are to: (1) develop the full potential of the individual; (2) improve governmental achievements; (3) realize the highest ideal of education; (4) eliminate crime and anti-social behavior, (5) maximize the intelligent use of the environment; (6) bring fulfillment to the economic aspirations of individuals and society; and (7) achieve the spiritual goals of mankind in this generation.

16. On June 9, 1981, WPEC applied to the District of Columbia for exemption from real property taxation pursuant to D.C. Code §47-1002(8), (10), and/or (17) (1981 ed.). Exemption was denied, and the challenged assessments followed.

#### ANALYSIS AND CONCLUSIONS OF LAW

##### I.

In order to fall within the statutory educational exemption requirements of D.C. Code §47-1002(10) (1981), the property must belong to and be operated by an entity not

organized or operated for private gain, and embracing the generally recognized relationship of teacher and student. The name chosen by the organization is not dispositive, and education need not be the sole function on the property. See, e.g., Washington Theatre Club, Inc. v. District of Columbia, 311 A.2d 492 (D.C. 1973) (non-profit operation on property of professional theatre and program of theatre instruction, with greater financial resources allocated to the theatre, did not preclude finding of exemption as school, college or university).

Nor is an institution required to be accredited by educational supervisory bodies of the District of Columbia in order to qualify as a school. Washington Chapter of American Institute of Banking v. District of Columbia, 92 U.S.App.D.C. 139, 141(1953)(stating trial court holding without comment). The undisputed facts establish that the petitioner provides and coordinates instruction embracing the student-teacher relationship.

Notwithstanding these points, the respondent contends that petitioner is not entitled to real property tax exemption because it is not within the literal or constructive meaning of the exemption. The District contends Petitioner is not a school, college or university because the instruction it provides does not imply assumption of a public or quasi-public function. Respondent relies upon the Washington Chapter case, which interpreted a predecessor statute (D.C. Code §47-801a(j) (1951)). The United States Court of Appeals in that case stated:

A tax exemption of this character can justly be sustained only upon the ground that the concession is due as a quid pro quo for the performance of a service essentially public, which the state is thereby, at least partially, relieved pro tanto from the necessity of performing . . .

In our opinion, an organization does not acquire [education exemption] status, within the meaning of the clause here in question, unless it is able to demonstrate that it renders a service which the public otherwise either would have to assume or at least reasonably might assume.

92 U.S.App.D.C. at 141, 142. (Footnotes omitted.)

The Court thus found that property housing an instructional program exclusively for area bank employees failed to qualify for exemption as property owned and operated by a "school, college, or university" within the meaning of the statute.

Respondent further argues that petitioner is not a school, college, or university, because its program of instruction does not imitate or assume a public function -- specifically, traditional governmentally-supplied education. In essence, the District would have this Court deny exemption based upon the subject matter of instruction. Aside from its troubling constitutional implications, this result is not supported by the Washington Chapter case. The crux of that decision was not the subject of instruction -- which surely could have been found in public educational institutions -- but rather the limited nature of the program's design and purpose. Only area bank employees could study there, and the main purpose of the program "was to render its graduates more efficient in their services to the member banks" of the trade association providing funding. Id. at 142-43.

In contrast, the petitioner's programs of instruction have been offered widely; courses have been provided at its own centers and on over 40 campuses nationally and internationally. The courses have not been limited to individuals of a particular vocation or employment. Furthermore, the articulated purposes of petitioner's programs are much broader than the goal of improved employee performance found

wanting in Washington Chapter.<sup>1/</sup> Even if it were proper to make subject matter a determining factor, this inquiry would serve only to underscore the inconsistency of the District's position, in that it has granted an educational exemption to MIU. If an institution meets the specific requisites as set forth in the tax exempt statutes and is open to the public, then the institution is not required to prove that it has relieved the government of a burden which the state would necessarily perform. District of Columbia v. National Wildlife Federation, 93 U.S.App.D.C. 387 (1954) (scientific institution).

Finally, use of the descriptive term "movement" in petitioner's By-Laws does not defeat the claim for exemption. Functions, not labels, determine eligibility for tax exempt status.

The Court concludes that WPEC is entitled to an exemption from real property tax pursuant to D.C. Code §47-1002 (10) (1981).

## II.

In order to qualify for an exemption from real property taxation under D.C. Code §47-1002(17) (1981), the property must belong to an organization which is charged with the administration, coordination, or unification of activities, locally or otherwise, of an exempt organization and used as administrative headquarters thereof. The undisputed facts

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<sup>1/</sup> The D.C. Circuit Court in Washington Chapter observed:

The prime objective of [the program] is not the education or elevation of the public, or of some reasonable cross-section thereof, but its main, indeed its sole, purpose is, and since incorporation has been, the training of bank employees so as to render them more efficient and hence more valuable to the member banks of the [District of Columbia Bankers] Association.

show that these requisites have been met since the Property serves as an administrative headquarters for WPEC and MIU and activities are administered and coordinated locally and nationwide for both organizations. Under D.C. Code §47-1002 (17) (1981), it is not necessary that the property at issue be the sole location for administration and coordination functions normally performed at headquarters. Conference of Major Religious Supervisors of Women, Inc. v. District of Columbia, 121 U.S.App.D.C. 171 (1965).

The Court concludes that WPEC is entitled to an exemption from real property tax pursuant to D.C. Code §47-1002 (17) (1981).

### III.

In order to qualify for an exemption from real property taxation under D.C. Code §47-1002(8) (1981), the property must belong to and be operated by institutions not organized or operated for private gain and be used for purposes of public charity principally in the District of Columbia.

Charitable in its legal sense may be defined as comprising four principal divisions: (1) relief of poverty; (2) advancement of education; (3) advancement of religion; and (4) other purposes beneficial to the community. International Reform Federation v. District Unemployment Compensation Board, 76 U.S.App.D.C. 282, 284, cert. denied, 317 U.S. 693 (1942) (employer exempt from unemployment compensation tax).

No regulations have been promulgated by the District of Columbia in regard to specific requisites for exemption under D.C. Code §47-1002 (1981), therefore the Court has recourse only to construction of the statute's language.

The meaning of statutory words concerning tax exemptions may be ascertained by looking into the meaning of such words in other relevant statutes, even those that address slightly different subject matters. District of Columbia v. Orleans, 132 U.S.App.D.C. 139, 141 (1968) (finding similar meaning for "deed," "gift," "transfer," "conveyance," and concluding recordation tax exemption was warranted where parent placed real property in trust for child, rather than executing deed). WPEC has been granted exemptions from, inter alia, District of Columbia Income and Franchise Tax and Personal Property Tax. The requisites for entitlement to these exemptions are similar to those set forth in the real estate tax exemption statute, D.C. Code §47-1002 (1981).<sup>2/</sup> Although the District of Columbia has denied the real estate exemption sought by WPEC, it has granted petitioner other exemptions based upon similar statutory grounds. Such a denial in the instant case is not supported by the facts or applicable law.

While tax exemption statutes should be strictly construed, this principle does not justify the interpolation of qualifications into a relatively unambiguous statute, for the purpose of defeating the privilege granted. District of Columbia v. Mt. Vernon Seminary, 69 U.S.App.D.C. 251, 253-54 (1938).

The Court concludes that WPEC is entitled to an exemption from real property tax pursuant to D.C. Code §47-1002 (8) (1981).

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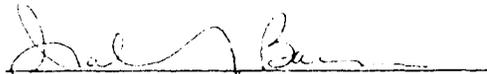
2/ For example, income and franchise tax exemptions are provided to entities organized for "religious, charitable, scientific, literary or educational purposes." D.C. Code §47-1802.1 (1981). Tax exemptions are granted for personal property belonging to "library, benevolent, charitable, and scientific institutions." D.C. Code §47-1508 (1981). See District of Columbia v. Catholic Education Press, Inc., 91 U.S.App.D.C. 127 (1952). ("[A]n educational institution is a scientific institution within the meaning of" predecessor statute to §47-1508.) (Emphasis added).

Wherefore, it is this 26<sup>th</sup> day of March, 1984

ORDERED that the Petitioner's Motion for Summary Judgment be, and hereby is, granted; and it is

FURTHER ORDERED that the Respondent's Motion for Summary Judgment be, and hereby is, denied; and it is

FURTHER ORDERED that the petitioner is granted exemption from District of Columbia real property tax for the property described elsewhere in this order, pursuant to D.C. Code §47-1002(8), (10) and (17) (1981).

  
JUDGE IRALINE G. BARNES

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