

*Opinion
No. 1281*

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA *JLD*

TAX DIVISION

APR 20 1990

SUPERIOR COURT OF THE
DISTRICT OF COLUMBIA
TAX DIVISION

NATIONAL MEDICAL ASSOCIATION :
INC.,

Petitioner, :

v. : Tax Docket No. 4096-88

DISTRICT OF COLUMBIA, :

Respondent. :

**MEMORANDUM OPINION AND ORDER DENYING
PETITIONER'S MOTION FOR SUMMARY JUDGMENT**

This matter is before the Court upon the Motion for Summary Judgment filed by petitioner, National Medical Association, Inc., and respondent's opposition thereto. Upon consideration of same, the points and authorities in support of the parties' respective postions, the Court concludes that the motion must be denied for the reasons hereinafter stated.

The National Medical Association (hereinafter sometimes referred to as NMA) is a nonprofit corporation organized under the laws of the State of New Jersey. The objectives of the association as stated in its constitution and by-laws are: to raise the standard of the medical profession and of medical education; to stimulate favorable relationships among physicians; to nurture the growth and diffusion of medical knowledge and the prompt universal delivery of same; to stimulate education of the public regarding

public health; to sponsor just medical laws; and to eliminate discrimination from medical institutions by means of the effective organization of the medical profession within the United States and its territories. The organization's income is derived primarily from dues of its members and from conventions and scientific assembly revenues. NMA sponsors educational and scientific programs throughout the United States. It publishes a monthly journal entitled, "The Journal of the National Medical Association," which includes articles, reports, studies and scientific data, submitted primarily by its members. NMA represents the interests of about 16,000 Black physicians practicing nationwide. The organization issues new releases to newspapers throughout the country and in the District of Columbia. NMA sponsors a major convention once each year in various cities at which various disciplines of medicine are represented. The organization researches and publishes information on important health topics and sponsors conferences in various cities. It sponsors major events and meetings which a physician can attend to meet continuing medical education requirements of either State law or hospital policy. The organization has sponsored various health screening projects in the United States. It has conducted seminars in many cities to educate physicians about the AIDS problem. The local chapter of NMA shares space in the subject real. The local chapter has about 300 members, and it distributes

publications to physicians in this area. The subject property is the headquarters for NMA's activities. The administrative functions are conducted in the building.

The National Medical Association purchased real property in the District of Columbia in 1983 at 1012-10th Street, N.W. to serve as its national headquarters. On June 1, 1987 the association filed an application with the Department of Finance and Revenue of the District of Columbia seeking tax exempt status for the property. The application sets forth its charitable scientific, and educational purposes generally. It is stated in the application that the use of the building will be to conduct charitable activities, including publication of a medical journal, organization of educational programs, preparation of policy statements related to the needs of Black physicians and patients and presentation of continuing education programs. The application also indicates that approximately 900 square feet of office space on the second floor of the building was leased on a temporary month to month basis. The National Medical Association is exempt from federal tax under section 501(c)(3) of the Internal Revenue Code and from the District of Columbia Sales and use taxes, franchise tax and personal property tax. None of these facts are in dispute.

Petitioner claims that it is entitled an exemption from the payment of real property tax on its building under the provisions of D.C. Code §47-1002 (8), (10), and (17). The District denied the exemption, which was

originally sought on the basis of D.C. Code §47-1002 (8)(1981). In the letter denying the exemption, respondent's representative indicated that the use of the building was for administrative offices and its headquarters did not constitute public charity principally in the District of Columbia.

The exemptions under which petitioner seeks to qualify read in pertinent part as follows:

(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, 47-1005, 47-1007 and 47-1010 and used as administrative headquarters thereof.

D.C. Code §47-1002. Unless petitioner is exempt from real property taxes under one of the foregoing sections, petitioner must seek exemption under D.C. Code §47-1002(11) and apply for special legislation.

We start with the premise that the meaning of a statute in the first instance is to be determined from its plain language. U.S. v. Edelen, 521 A.2d 774, 778 (D.C.

of Columbia and found by the Court to be rendering substantial charitable services to organizations serving the poor and near poor in the District of Columbia. The Court concluded that the activities of the organization were all charitable, and excluding employee travel to other areas, carried out principally in the District of Columbia. Petitioner has not made a similar showing. The language of the statute is plain that exempt buildings be used for purposes of public charity principally in the District of Columbia. The Center for Community Change case is consistent with the statutory requirement. Plaintiff cannot qualify for the exemption under subsection (8) of the statute.

Section 47-1002(10) exempts from D.C. real estate tax buildings owned and operated by schools, colleges and universities, organized not for private gain which embrace the recognized relationship of teacher and student. This subparagraph of the statute is reserved for institutions having the status of schools, colleges, or universities. That status is a fundamental prerequisite to qualifying for the exemption. Washington Chapter of American Institute of Banking v. District of Columbia, 92 U.S. App. D.C. 139, 142 (1953). NMA does not operate a school, college or university. It holds regional and annual meetings throughout the country at which lectures are given to physicians who are members of NMA in various medical specialities. The statute was not intended to exempt from property tax every non-profit organization which includes

among its activities educational programs for its members. Educational programs restricted to members of organizations such as NMA are not regarded as possessing the requisite character to justify the exemption. See Id. at 143.

The primary objective of an organization claiming exemption under D.C. Code §47-1002(10) must be education. See Washington Theater Club Inc., v. District of Columbia, 311 A.2d 492, 493-494 (1973). Although, the trial Court in Theater Club had so found, the remand was required because the evidence bearing upon that crucial factor had been misconstrued. Id. 495. Consideration must be given to other factors in determining whether an organization is a school. The educational service rendered by the organization should be offered to the broader community, rather than primarily to a private group. Washington Chapter of America Institution of Banking v. District of Columbia, 92 U.S. App. D.C. at 142-143. It is also the primary use made of the property which determines its entitlement to the exemption. See Hazen v. National Rifle Association of America, Inc., 69 U.S. App. D.C 339, 343 (1938).

Petitioner cannot qualify against these standards. Absent is an actual student-teacher relationship in the usual sense. NMA's lectures represent more of an exchange of information among peers in the profession which incidentally may be credited for continuing medical education. The programs are offered only to members of the organization. The primary functions of the organization are

not the lectures held at the annual and regional meetings of NMA. NMA's purposes as described in the documents before the Court are much broader than the education of the individual physicians who are members of the organization. In its application for exemption, NMA included among its purposes for which the building was used the following: conduct of charitable activities, publication of a medical journal, organization of educational programs, and preparation of policy statements related to the needs of Black physicians and patients. The broader focus of NMA is also reflected in the objectives listed in its constitution which are: raising standards of the medical profession and medical education, stimulating favorable relationships among physicians, nurturing the growth and diffusion of medical knowledge, stimulating education of the public concerning matters affecting public health, sponsoring the enactment of just medical laws and eliminating discrimination in medical institutions. NMA has a multitude of purposes. Its primary focus is not that of a school, college or university embracing the recognized relationship of teacher and student as required by the statute. Therefore, petitioner does not qualify for the exemption under D.C. Code §47-1002(10).

Finally, NMA claims the exemption under D.C. Code §47-1002(11). This subsection covers the administrative headquarters of organizations entitled to exemptions under the provisions of §§47-1002, 47-1005, 47-1007 and 47-1010.

However, petitioner is not exempt these sections.

Therefore, petitioner is not entitled to exemption under D.C. Code §47-1002(17).

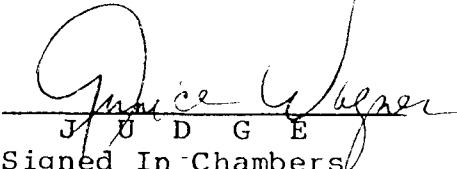
Organizations, like NMA have not been overlooked in the legislation. Organizations not otherwise exempt under the statute must seek special legislation in order to obtain an exemption. D.C. Code §47-1002 (11); District of Columbia v. National Park Association, 144 U.S. App. D.C. 88 (1971). Absent such legislative acts, such organizations must pay taxes. Id.

Many similar worthy organizations must seek special legislation to obtain the exemption. The reason that this is necessary is explained in the legislative history of the law. A discussion of the legislative history of the provision is set forth in District of Columbia v. National Parks Association, 144 U.S. App. D.C. 88, 91-93 (1971). Generalized language might open the door for the exemption to a wide variety of national institutions undeserving of tax exempt status. Id., at 92. Congress was unable to find suitable generalized language to cover most educational and scientific organizations deserving tax exempt status. Id. at 91. Therefore, it developed the "catchall" language of the D.C. Code §47-1002(11) to assure that certain institutions meriting the exemption which failed to meet the requirements of the specific exemption provisions would be covered. Among these were institutions such as the American Pharmaceutical Association, the National Academy of Sciences and the Medical Society of the District of

Columbia. Id. at 92. Under that statute, these and similar institutions are required to seek special legislation for an exemption from real property taxes. D.C. Code §47-1002(11). The institutions referred to possess some characteristics of those exempted in other parts of the statute as well as many other purposes and types which were recommended for the exemption. District of Columbia v. National Parks Association, 144 U.S. App. D.C. at 93. Petitioner is an similar multi-purpose organization which was intended to be covered by subsection (11).

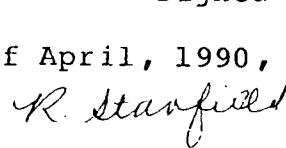
Since petitioner does not fall within one of the specific exemptions, it must seek special legislation to obtain an exemption under D.C. Code §47-1002(11). Accordingly, petitioner is not entitled to judgment as a matter of law. It is therefore by the Court this 20th day April, 1990,

ORDERED, that petitioner's Motion for Summary Judgment be, and hereby is denied.



J G W D G E
Signed In Chambers

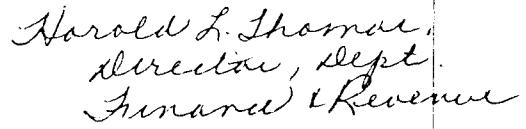
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