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No Gays In Boy Scouts? No Tax Exemption Either

'Be prepared' says a scouting motto, but perhaps no tax exempt organization is ever really prepared to lose its tax exemption. Tax exemption is a powerful tool, as the Boy Scouts of America are about to find out. Tax exemption comes in many varieties, from churches and public charities like the American Red Cross, to various forms of social and fraternal organizations.

Exemption can cover income taxes and property taxes too. And it's usually a matter of grace from the federal or state government. That means in some cases a tax exemption can be taken away. Is excluding gays from participation a valid basis to deny tax exemption?

The Boy Scouts policy has become a national issue since Ryan Andresen of California was dropped and denied Eagle Scout status after 12 years as a scout. The Scouts announced they might let the sponsor of each troop decide its own policy on gays. However, they have [delayed a formal decision](#) on this policy switch until at least May.

In the meantime, a California lawmaker, State Senator Ricardo Lara (D-Los Angeles) introduced California Senate Bill 323, also known as the Youth



Equality Act. If passed, it would allow [California](#) to strip the tax exempt status from youth groups, including the Boy Scouts of America, if they have policies that exclude gay members. Because the bill requires changes to California tax law, its passage requires a two-thirds majority vote .

About 70 percent of all Scout units are sponsored by religious denominations. Many have supported the ban on gays. Meanwhile, a petition has been started by Eddie Kurtz, a straight former Scout urging the California Legislature to pass the bill. The [petition](#) on MoveOn.org's online petition website, SignOn.org has been signed by over 5000 Californians.

To be sure, there are other issues present on these facts. However, one lesson is that tax exemption is worth a lot, and that an organization that loses it loses something of enormous value.

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