

NORTH CAROLINA

WAKE COUNTY

BEFORE THE PROPERTY TAX COMMISSION
SITTING AS THE STATE BOARD OF
EQUALIZATION AND REVIEW
99 PTC 97

In the Matter of the Appeal of:
The Maharishi Spiritual Center
of America
639 Whispering Hills Road, Suite 112
Boone, North Carolina 28607

FINAL DECISION

From the listing and taxation of the
herein described property by
Watauga County for 1999

This Matter came on for hearing before the North Carolina Property Tax Commission (hereinafter "Commission"), sitting as the State Board of Equalization and Review, at its regularly scheduled Sessions of Hearings in Boone, Greensboro and Raleigh, North Carolina on October 18-20, November 14-17 and December 6-7, 2000, respectively. The hearings were held on an appeal by The Maharishi Spiritual Center of America (hereinafter "Spiritual Center") from the decision of the Watauga County Board of Equalization and Review (hereinafter "County Board") concerning property tax exemption of 61 parcels of real property and associated personal property owned by the Spiritual Center for the tax year 1999. The Commission made a site visit to the Spiritual Center on October 19, 2000.

Chairman Terry L. Wheeler presided over the hearing with Vice Chair Juleigh Sitton and Commission Members R. Bruce Cope, Linda M. Absher and Wade Wilmoth participating.

Charles Mercer and Reed Hollander, attorneys at law, represented the Spiritual Center at the hearing; Charles Meeker and Jeffrey Hedrick, attorneys at law, represented Watauga County.

The Spiritual Center submitted applications for property tax exemptions for tax year 1999 concerning 61 parcels of real property and associated personal property. After the Watauga County Tax Administrator denied the applications for exemption, the Spiritual Center appealed to the County Board challenging the Administrator's denial.

By notice of decision dated April 22, 1999, the County Board sustained the Tax Administrator's denial of the exemptions. On May 21, 1999, the Spiritual Center, through counsel, filed a timely notice of appeal with the Property Tax Commission and requested a full hearing on this matter pursuant to G.S. § 105-290.

STATEMENT OF THE FACTS

The Spiritual Center is organized as a non-profit corporation under the laws of the State of North Carolina. The Spiritual Center is the record owner of approximately 550 acres of real property in southern Watauga County. The property is developed in two sections. The western compound is used exclusively by men and contains a large meditation hall, a dining complex, a series of residential structures and administrative offices. The eastern compound is used exclusively by women and likewise has a large meditation room, and dining and residential facilities. A residential subdivision, called Heavenly Mountain Resort, occupies the land between the two sections of the Spiritual Center. Together, the Spiritual Center and Heavenly Mountain Resort are known as Heavenly Mountain.

The Spiritual Center, by its Application for Hearing and through counsel, contends that the subject property is entitled to exemption from ad valorem taxation because it is used for educational, charitable and scientific purposes. The Spiritual Center also contends that its application for exemption received discriminatory treatment from Watauga County, that procedural and statutory requirements were not followed, and that the assessment of its property is unconstitutional.

Watauga County, through counsel, contends that the Spiritual Center is a meditation center and not entitled to exemption from ad valorem taxation under the Machinery Act. The County also contends that it has not discriminated against the Spiritual Center, has followed the requirements of the Machinery Act and has not acted unconstitutionally.

ISSUES

In the Order on the Final Pre-Hearing Conference, the parties presented similar issues, although they were phrased differently. The issues considered by the Commission were:

1. Are the Spiritual Center's properties used for educational purposes and entitled to exemption pursuant to G.S. § 105-278.4?
2. Are the Spiritual Center's properties used for a charitable purpose and entitled to exemption pursuant to G.S. § 105-278.6?

3. Are the Spiritual Center's properties used for scientific purposes and entitled to exemption pursuant to G.S. § 105-278.7?

4. Are the buildings used by the Ideal Girls' School owned and occupied gratuitously by educational institutions?

5. Did Watauga County discriminate against the Spiritual Center, violate statutory requirements or act unconstitutionally in handling the Spiritual Center's requests for exemption?

EVIDENCE

The Commission received the following evidence:

1. Applications for property tax exemption for 61 parcels.
2. Addendum 1, "Educational, Scientific, and Charitable Use of Parcels owned by the Maharishi Spiritual Center of America."
3. Addendum 2, "Information Related to Incorporation, Distribution of Profits and Non-Profit Status of the Maharishi Spiritual Center of America."
 - a. Articles of Incorporation of The Spiritual Center of America
 - b. Articles of Amendment to The Spiritual Center of America, which changed its name to: The Maharishi Spiritual Center of America.
 - c. December 8, 1998 correspondence from Internal Revenue Service, District Director, confirming exempt status of The Spiritual Center of America as a 501(c)(3) organization.
4. Addendum 3, "Information Related to Incorporation, Distribution of Profits and Non-Profit Status of Maharishi Education Development Corporation."
 - a. The Commonwealth of Massachusetts, Articles of Organization for Maharishi Education Development Corporation.
 - b. State of North Carolina Certificate of Authority, Maharishi Education Development Corporation.

- c. Correspondence from Internal Revenue Service, District Director, dated November 10, 1993 stating that Maharishi Education Development Corporation is a tax-exempt organization pursuant to Internal Revenue Code Section 501(c)(3).
5. Addendum 4, "Information Related to Incorporation, Distribution of Profits and Non-Profit Status of Maharishi Global Administration Through Natural Law."
 - a. Restated Articles of Incorporation of World Plan Executive Council – United States.
 - b. Correspondence from Internal Revenue Service regarding World Plan Executive Council noting the name change from Students International Meditation Society to World Plan Executive Council, with attached correspondence showing that Students International Meditation Society, predecessor to World Plan Executive Council, qualifies as an exempt organization under Section 501(c)(3) of Internal Revenue Code.
6. Addendum 5, "Information Related to the Licensing and Programs of Heavenly Mountain Ideal Girls' School."
 - a. Non-public School Inspection Verification Certificate, September 15, 1998.
 - b. World Plan Executive Council, minutes of the annual meeting of the Board of Trustees held on November 15, 1997.
 - c. Minutes of meeting of the Board of Trustees of World Plan Executive Council, August 7, 1997.
 - d. Heavenly Mountain Ideal Girls' School brochure.
7. Addendum 6:
 - a. Description of MSCA Purusha Program.
 - b. Schedule of MSCA World Peace Assembly courses for 1999.
 - c. Description of MGANL *Mother Divine* Program.
 - d. Schedule of MGANL courses for women for 1999.
8. Addendum 7, "Pamphlet: Scientific Research on the *Maharishi Transcendental Meditation* and *TM Sidhi* programs."

9. Addendum 8, Maharishi University of Management Bulletin.
10. March 3, 1999, correspondence to Steven G. Souza, Vice President of The Maharishi Spiritual Center of America, from Larry McLean, Watauga County Tax Administrator.
11. April 6, 1999, correspondence to Mr. Souza from Mr. McLean.
12. April 22, 1999, correspondence to Mr. Souza from Mr. McLean.
13. Notice of Appeal from decision of the Watauga County Board of Equalization and Review, with Attachment A (Attachment B to Notice of Appeal was filed with the Property Tax Commission and is included as part of Exhibit 1, and therefore is not recopied as part of this exhibit).
14. Application for Hearing (attachments referred to herein were filed with the Property Tax Commission with Application for Hearing and are contained in Exhibits 1 and 13 herein and, therefore, are not copied again with this exhibit).
15. a. Amended and Restated Bylaws of The Spiritual Center of America.
b. Minutes of the Spiritual Center of America dated February 5, 1998.
16. Articles of Amendment of The Spiritual Center of America.
17. The Maharishi Spiritual Center of America, list of directors and list of officers.
18. Letter dated August 3, 1999 from Thomas Healey, President of MGANL confirming that Ideal Girls' School is a division of MGANL.
19. Bylaws of Maharishi Global Administration Through Natural Law.
20. Bylaws of Maharishi Vedic Education Development Corporation.
21. March 28, 1995, letter from North Carolina Department of Revenue stating that the Spiritual Center of America "qualifies for a refund of sales and use tax it pays on its purchases of tangible personal property for use in carrying on its non-profit work."

22. January 4, 1996, correspondence from North Carolina Department of Revenue stating that “[t]his Department has assigned the corporation an exempt status for franchise and income tax purposes....”
23. Diagram of entities associated with The Maharishi Spiritual Center of America.
24. The Maharishi Spiritual Center of America and subsidiary consolidated financial statements with report of certified public accounts, December 31, 1998, prepared by Biller, Frith-Smith & Archibald, certified public accounts.
25. Maharishi Global Administration Through Natural Law financial statements with independent auditors’ report, June 30, 1998, prepared by Biller, Frith-Smith & Archibald, certified public accountants.
26. [Same as Exhibit Number 25 prior to name change.]
27. Ideal Girls’ School Brochure.
28. The Spiritual Center of America: 1998 courses for men
29. Maharishi University of Management: August 24, 1999 correspondence to Maharishi Global Administration Through Natural Law from Jane Trevelyan, Registrar, Maharishi University of Management, confirming that Maharishi University of Management has granted credit for certain courses taken at The Maharishi Spiritual Center of America.
30. Heavenly Mountain Ideal Girls’ School: August 12 1999 correspondence from Meg Custer, Ph.D., head of Ideal Girls’ School.
31. Maharishi Global Administration Through Natural Law: June 19, 1998 correspondence from Susan Lauer, Director, MGANL-Boone Support Division.
32. David W. Orme-Johnson: biographic sketch.
33. Maya McNeilly: Curriculum Vitae.
34. *Are Findings Reported in Respected Scientific Journals?* prepared by Maya McNeilly, Ph.D.
35. Physical and Psychological Benefits of Meditation, prepared by Maya McNeilly, Ph.D.

37. Dale T. Snauwaert: biographical information.
38. Scientific research on Maharishi transcendental meditation and TM-*Sidhi* programme: sample journal papers and doctoral dissertations.
39. "Effects of Group Practice of the Transcendental Meditation Program on Preventing Violent Crime in Washington, D.C.: Results of the National Demonstration Project, June-July, 1993.
40. Response from project review board members.
41. "Treating and Preventing Alcohol, Nicotine, and Drugs Abuse through Transcendental Meditation: A Review and Statistical Meta-Analysis."
42. "The Maharishi Effect: A Model of Social Improvement, Time Series Analysis of a Phase Transition to Reduce Crime in Merseyside Metropolitan Area."
43. "International Peace Project in the Middle East: The Effects of the Maharishi Technology of the Unified Field."
44. "Alleviating Political Violence Through Enhancing Coherence in Selective Consciousness."
45. "Theory and Research on Conflict Resolution Through the Maharishi Effect."
46. "Test of a Field Model of Consciousness and Social Change: The Transcendental Meditation and TM-*Sidhi* Program and Decreased Urban Crime."
47. "The Transcendental Meditation Program and Criminal Recidivism in California.
48. "Growth of Higher Stages of Consciousness: Maharishi's Vedic Psychology of Human Development."
49. "Vedic Science Based Education and Non-Verbal Intelligence: A Preliminary Longitudinal Study in Cambodia."
50. "Transcendental Meditation and Improved Performance on Intelligence – Related Measures: a Longitudinal Study."

51. North Carolina warranty deeds.

52. Volume 1 through 5 of collected papers as follows:

- a. Scientific research on the transcendental meditation program, collected papers, volume 1.
- b. Scientific research on Maharishi's transcendental meditation and TM *Sidhi* programme, collected papers, Volume 2.
- c. Scientific research on Maharishi's transcendental meditation and TM *Sidhi* programme, collected papers, Volume 3.
- d. Scientific research on Maharishi's transcendental meditation and TM *Sidhi* programme, collected papers, Volume 4.
- e. Scientific research on Maharishi's transcendental meditation and TM *Sidhi* programme, collected papers, Volume 5.

56. Correspondence from various governmental units granting tax exempt status to related entities:

- a. Buncombe County letter confirming tax exempt status of Maharishi Ayur-Ved University.
- b. Town of Antrim, NH, April 30, 1996, correspondence granting exemption to Maharishi School of Vedic Science.
- c. April 28, 1999 decision of Department of Taxation, Tax Equalization Division, State of Ohio, granting real property tax exemption to Maharishi Vedic Education Development Corporation.
- d. Notice of a change in the property's real estate market/assessed values, Board of Revision of Taxes, Philadelphia, Pennsylvania, noting partial exemption of personal exemption for World Plan Executive Council with respect to real estate taxes.
- e. October 26, 1993, correspondence from City of New Haven, Connecticut to World Plan Executive Council classifying property as tax exempt.

f. January 9, 1995, correspondence from government of the District of Columbia, Department of Finance and Revenue to World Plan Executive Council confirming exempt status of property.

g. Tulsa County Assessor, Tulsa, Oklahoma, notice of informal appeal decision stating that property of World Plan Executive Council is tax exempt.

h. March 19, 1999, correspondence from Ohio Department of Taxation and related documents, including decision by Department of Taxation, Tax Equalization Division, State of Ohio, that property of Maharishi Education Development Corporation is exempt from taxation.

i. April 4, 1996, memorandum to Charles Normandin and related information, including March 18, 1996, letter from City of Cambridge confirming that property of World Plan Executive Council is tax exempt property.

j. May 13, 1996, correspondence from Charles Normandin including correspondence from City of Cambridge, Massachusetts, confirming that property of World Plan Executive Council is tax exempt property.

57. State of North Carolina Department of Secretary of State, Articles of Restatement for Non-Profit Corporation for Center for Creative Leadership.

58. Master Plan: Spiritual Center of America.

59. Rosters of exempt properties on file with North Carolina Department of Revenue (on file at Department of Revenue).

60. Exemption applications from various counties in North Carolina:

a. Buncombe County – Items 1, 2, 3, and 4

b. Carteret County – Items 1 and 2

d. Gaston County – Item 4

e. Guilford County – Items 1, 3, 4, 5, and 6

f. Iredell County – Items 1 and 3

g. Macon County – Items 1, 2, 3, and 4

62. Definition from dictionary sources:

- a. institution
- b. benevolent
- c. association
- d. benevolent association

63. Watauga County Application for Property Tax Exemption

- a. Florence G. Boyd Home
- b. Foscoe/Grandfather Community Center, Inc.
- c. Snow-Lodge No. 363
- d. Triplett Community Center
- e. Cove Creek Preservation & Development, Inc.
- f. Blowing Rock Community Club
- g. Blowing Rock Stage Company
- h. Southern Highland Handicraft Guild, Inc.
- i. Matney Community Club
- j. Valle Crucis Park, Inc.
- k. Worth While Woman's Club, Inc.
- l. Watauga Youth Network, Inc.
- m. The Grand Chapter of N.C., Order of the Eastern Star, Camp Rainbow, Inc.
- n. Associated Marine Institutes, Inc.

o. Anderly Academy

p. Mountain Pathways School

64. Tax records and deeds for American Education and Advanced Studies, Inc.
 65. Oral Testimony of Steven G. Souza, Boone, NC.
 66. Oral Testimony of Mr. John Patrick Lauer, Boone, NC.
 67. Oral Testimony of Mrs. Susan Lauer, Boone, NC.
 68. Oral Testimony of Mr. David Orme-Johnson, Ph.D., Seagrove Beach, Florida.
 69. Oral Testimony of Ms. Maya McNeilly, Ph.D., Durham, NC.
 70. Oral Testimony of Mr. Dale T. Snauwaert, Ph.D., New York, New York
 71. Oral Testimony of Mr. Larry McLean, Tax Administrator, Watauga County, Boone, NC, called by Taxpayer as an adverse witness.
1. County Exhibit 1 – Map of the Maharishi Center’s properties (original only).
 2. County Exhibit 2 – Master Plans concerning Heavenly Mountain, The Spiritual Center and Heavenly Mountain Resort (originals only).
 3. County Exhibit 3 – The Story of Heavenly Mountain.
 4. County Exhibit 4 – Heavenly Mountain: The Spiritual Center of America – An Enhanced Resort Community.
 5. County Exhibit 5 – Goal of the Maharishi Spiritual Center of America.
 6. County Exhibit 6 – An Invitation for Single Men.
 7. County Exhibit 7 – Maharishi Thousand-Headed Purusha – Staff Program.
 8. County Exhibit 8 – Create and Enjoy Heaven on Earth.
 9. County Exhibit 9 – Your Invitation to a Taste of Heaven.
 10. County Exhibit 10 – Himalayan Spirituality Together with American Luxury.

11. County Exhibit 11 – The Mother Divine Program.
12. County Exhibit 12 – The Transcendental Meditation Program.
13. County Exhibit 13 – Transcendental Meditation: Questions and Answers.
14. County Exhibit 14 – Minutes of January 23, 1995, Annual Meeting of Spiritual Center Board.
15. County Exhibit 15 – Minutes of June 13, 1995 Special Meeting of Spiritual Center Board (redacted).
16. County Exhibit 16 – Minutes of October 24, 1995 Annual Meeting of Spiritual Center Board (redacted).
17. County Exhibit 17 – Minutes of January 24, 1999 Bi-Annual Meeting of Spiritual Center Board (redacted).
18. County Exhibit 18 – Declaration of Covenants, Restrictions and Easements for Heavenly Mountain.
19. County Exhibit 19 – Minutes of the February 15, 1995 Annual Meeting of Heavenly Mountain Resort Board.
20. County Exhibit 20 – List of officers and directors of Heavenly Mountain Resort.
21. County Exhibit 21 – Heavenly Mountain: A Residential and Resort Community.
22. County Exhibit 22 – Choosing Your Home Site at Heavenly Mountain.
23. County Exhibit 23 – Heavenly Mountain – Website information.
24. County Exhibit 24 – Spiritual Center’s Responses to Watauga County’s Interrogatories.
25. County Exhibit 26 – Steven Souza Deposition (excerpts from deposition)
26. County Exhibit 27 – Resume of Verne Bacharach, Ph.D.
27. County Exhibit 28 – Watauga County’s Supplemental Answer to Taxpayer’s First Set of Informal Interrogatories.

28. Oral Testimony of Mr. Joseph Furman, Boone, NC.

29. Oral Testimony of Mr. Verne Bacharach, Ph.D., Boone, NC.

COMMISSION EXHIBITS

In addition to the evidence presented by the parties, the Commission considered all pleadings, procedural documents, including, but not limited to:

C-1 Notice of Appeal, filed May 21, 1999.

C-2 Commission acknowledgment of C-1, dated May 24, 1999.

C-3 Transmittal letter and Application for Hearing, filed June 23, 1999.

C-4 Commission acknowledgment of C-3, dated June 30, 1999.

C-5 Transmittal letter and Notice of Appearance from Charles C. Meeker as Counsel for Watauga County, filed July 13, 1999.

C-6 Commission acknowledgment of C-5, dated July 16, 1999.

C-7 Watauga County's Motion to Compel Production of Documents, filed December 8, 1999.

C-8 Commission acknowledgment of C-7, dated December 10, 1999.

C-9 Motion of David Kaplan to Quash Subpoena and Motion for Protective Order, filed December 8, 1999.

C-10 Motion of Heavenly Mountain Resort Inc. to Quash Subpoena and Motion for Protective Order, filed December 8, 1999.

C-11 Transmittal letter for C-9 and C-10, filed December 8, 1999.

C-12 Commission acknowledgment of C-9 and C-10, dated December 10, 1999.

C-13 Letter from Commission Secretary to County and Taxpayer, dated December 13, 1999.

C-14 Letter from Attorney for Taxpayer to Commission Secretary, dated December 13, 1999.

- C-15 Motion of David Kaplan to Quash Second Subpoena and Motion for Protective Order, filed December 13, 1999.
- C-16 Copy of Exhibit E to Motion of David Kaplan, filed December 14, 1999.
- C-17 Letter from County's Attorney to Commission Secretary, filed December 14, 1999.
- C-18 Letter from Taxpayer's Attorney to Commission Secretary, filed December 15, 1999.
- C-19 Copies of Proposed Confidentiality Order, filed December 17, 1999.
- C-20 Copy of letter from Taxpayer's Attorney to County's Attorney, filed December 28, 1999.
- C-21 Faxed copy of letter from County's Attorney to Taxpayer's Attorney, received December 22, 1999.
- C-22 Copy of letter from Taxpayer's Attorney to County's Attorney, filed December 28, 1999.
- C-23 Transmittal letter and Confidentiality Order entered by the Property Tax Commission December 21, 1999.
- C-24 Letter from Taxpayer's Attorney to Commission Secretary, filed February 23, 2000.
- C-25 Letter from County's Attorney to Commission Secretary, filed February 24, 2000.
- C-26 Transmittal letter and Order of the Property Tax Commission, entered February 29, 2000.
- C-27 Faxed letter from Taxpayer's Attorney to Commission Secretary, received August 25, 2000.
- C-28 Letter from Commission Secretary to Counsel for Taxpayer and County, dated August 29, 2000.

- C-29 Proposed hearing calendar for October session of the Property Tax Commission, dated August 29, 2000.
- C-30 Letter from Commission Secretary to Taxpayer's Attorney, dated September 6, 2000.
- C-31 Notice of Hearing (County and Taxpayer), for October session of the Property Tax Commission, dated September 28, 2000.
- C-32 Notice of Hearing (County and Taxpayer), for November session of the Property Tax Commission, dated October 26, 2000.
- C-33 Notice of Hearing (County and Taxpayer), for December session of the Property Tax Commission, dated November 20, 2000.

At the conclusion of the Spiritual Center's evidence, Watauga County moved to dismiss the appeal because the Spiritual Center had not carried its burden of proving that its properties are exempt. By agreement of the parties, argument on this motion was reserved until all the evidence had been presented.

After considering the Spiritual Center's and Watauga County's evidence, the authorities cited and argument of counsel, the Commission makes the following findings of fact and conclusions of law.

BASED UPON THE EVIDENCE PRESENTED, THE COMMISSION MAKES THE FOLLOWING FINDINGS OF FACT:

1. The property under appeal consists of 61 parcels of real property and associated personal property in numerous structures, including meditation, dining, residential and office facilities. The Spiritual Center's holdings in southern Watauga County are divided into two sections, a western compound which houses single men and an eastern compound which houses single women. The total amount of the subject land owned by the Spiritual Center is approximately 550 acres. Situated between the western and eastern compounds is a residential development called Heavenly Mountain Resort, which is not owned by the Spiritual Center. Connecting the two compounds and providing access to the women's compound are private roads through Heavenly Mountain Resort.

2. As of the tax valuation date January 1, 1999, the western compound was occupied and used by over 300 single men who compose a group that the Spiritual Center calls the Purusha. The members of the Purusha meditate eight hours a day, from 7:00 a.m. to 11:45 a.m. and from 4:30 p.m. to 7:45 p.m. Purusha members meditate as a group in a large meditation hall. On the Spiritual Center's premises in the afternoons, the Purusha also telephone their sponsors for contributions and undertake personal businesses and/or administrative office work. This group meditation occurs each day of the year, and many of the Purusha have been members since the group was formed 20 years ago.

3. Members of the Purusha also attend an evening program from 8:30 p.m. to 9:15 p.m. This time is used for, among other matters, viewing video tapes, teleconferencing with Maharishi Mahesh Yogi who resides in Holland, and discussing matters concerning meditation.

4. Single women occupy and use the eastern compound. The women reside in two to four room residential suites. A group of over 100 women were members of what is called the Mother Divine as of January 1, 1999. The Mother Divine engage in the daily practice of group meditation similar in duration to the Purusha. Individuals remain members of the Mother Divine for years.

5. The Purusha and Mother Divine are experienced practitioners of Transcendental Meditation and TM-Sidhi programs. TM-Sidhi is an advanced meditation program. In the United States individuals may take a course to learn the Transcendental Meditation technique for a fee. The content of this course is confidential, and individuals who take the course agree not to disclose its contents. The Transcendental Meditation course is trademarked and is learned in a seven-step procedure occurring over seven days. At the end of those steps, the individuals attending the course have learned to meditate as efficiently and correctly as someone who has been practicing for 20 years.

6. During the extended daily periods of group meditation, the Purusha and Mother Divine focus on a Mantra, which is a sound that has no meaning. In focusing on the Mantra, the meditator's mind becomes "settled down" and is not contemplative. The meditators' bodies are at rest, usually with their eyes closed. The surroundings in the Spiritual Center's meditation facilities are quiet during group meditation.

7. No information is transmitted to the Purusha and Mother Divine during their group practice; training or development of knowledge or skills is not the primary activity because the Purusha and Mother Divine are already experienced in meditation.

8. After meditating, members of the Purusha and Mother Divine from time to time make notes of their experience and compare their experiences with those of others by reading ancient literature.

9. The members of the Purusha and Mother Divine believe that they go to higher levels of consciousness while meditating and that levitation, which they refer to as Yogic flying, is possible during the highest level of consciousness. The Purusha and Mother Divine view group meditation as their profession, and call themselves World Peace Professionals.

10. The Spiritual Center has no laboratory, and no scientific experiments are carried on at the Spiritual Center as to the effects of meditation. Studies concerning the effects of meditation on individual practitioners, which were introduced at the hearing of this case, have been undertaken elsewhere.

11. The Spiritual Center is a gated community with restricted access by the public. The members of the Purusha are expected to raise \$750 per month in contributions to the Spiritual Center by contacting their sponsors. If additional funds are raised, members of the Purusha are paid a stipend, based on the amount raised, for personal expenses. Members of the Mother Divine likewise solicit and secure funds to pay for accommodations for the women at the Spiritual Center.

12. Members of the Mother Divine live in two to four room residential suites in an extended building surrounding the large meditation room at the women's compound.

13. Members of the Purusha and Mother Divine believe that group meditation creates a calming influence on people in surrounding areas, known as the Maharishi Effect, and that the larger the meditation group, the more profound and far-reaching the effect is. It was not shown at the hearing that the practice of group meditation creates a calming effect in the areas of Watauga County surrounding the Spiritual Center.

14. The Spiritual Center does not have a faculty, nor does it provide a course of study or grant degrees. The Spiritual Center is not accredited as a college or university. Foreign members of the Purusha come to the United States on visitors' visas, not student visas. Members of the Purusha and Mother Divine do not graduate from the Spiritual Center but rather may stay indefinitely.

15. The Spiritual Center does not have books or artifacts for public use.
16. The Spiritual Center offers fee-based courses to visitors several times a month. These courses are short in duration and small in size compared to the Purusha and Mother Divine. The Purusha's meditation hall and residences are not used by visitors.
17. The Spiritual Center did not show that it is an educational institution or that its properties are used wholly and exclusively for educational purposes.
18. The Spiritual Center and its residents receive services from Watauga County, including planning, inspection, emergency and hospital services.
19. A small girls' middle and high school called the Ideal Girls' School uses four modular units on the women's compound. The girls' school had approximately 28 students as of the tax valuation date. The girls pay tuition and share dining and residential facilities with the Mother Divine. The modular units are owned by General Electric Capital and have been listed for taxation; the other buildings used by students are owned by the Spiritual Center and used by members of the Mother Divine. The Ideal Girls' School is owned and operated by a corporation functioning as an advocacy group called Maharishi Global Administration Through Natural Law.
20. Students enrolled at the Ideal Girls' School do not exclusively occupy and use the residential and dining facilities owned by the Spiritual Center and located at the women's compound.
21. The Watauga County Tax Administrator considered the applications for exemption by the Spiritual Center pursuant to the Machinery Act and requested additional information concerning the applications. Watauga County's Tax Administrator reviewed the information submitted, consulted with the Department of Revenue and counsel, and then made a decision on those applications. The Spiritual Center presented no evidence of prejudice, bias, or discrimination against it by the Tax Administrator or the County Board.

BASED UPON THE FOREGOING FINDINGS OF FACT, THE NORTH CAROLINA PROPERTY TAX COMMISSION CONCLUDES AS A MATTER OF LAW:

1. The Commission has jurisdiction to hear this appeal and to determine whether exemption from ad valorem taxation was properly denied.

2. Pursuant to G.S. §§ 105-278.4, -278.6 and -278.7, real and personal property may be exempted from ad valorem taxation provided that the requirements of these statutes are met. North Carolina requires that statutes exempting specific property from taxation, because of the purposes for which the property is used, should be construed against exemption in favor of taxation. See In re Appeal of Worley, 93 N.C. App. 191, 195 (1989). It is the taxpayer's burden to prove that property is entitled to exemption. See In re Southeastern Baptist Theological Seminary, 135 N.C. App. 247, 249 (1999).

3. The Spiritual Center's land and buildings are not used for educational purposes and thus are not entitled to exemption pursuant to G.S. § 105-278.4 because three of the statute's requirements are not met.

4. The Spiritual Center's facilities are not owned by an educational institution such as a university, college, library or museum.

5. The Spiritual Center's large meditation facilities and the two to four room residential suites are not of a kind commonly employed in or naturally and properly incident to the operation of an educational institution.

6. The Spiritual Center's facilities are not wholly and exclusively used for educational purposes because members of the Purusha and Mother Divine use their compounds primarily for group practice of meditation and activities financially supporting their meditation.

7. In Re Appeal of Atlantic Coast Conference, 112 N.C. App. 1 (1993), does not support the Spiritual Center's position. The Spiritual Center is not a membership group whose members are educational institutions. Moreover, even under a broad definition of education, the group practice of meditation is not education.

8. The Spiritual Center's land and buildings are not used for a charitable purpose and are not entitled to exemption pursuant to G.S. § 105-278.6.

9. The Spiritual Center is not one of the eight kinds of owners specified in G.S. § 105-278.6(a). See In re North Carolina Forestry Fund, Inc., 296 N.C. 330 (1979) (the “non-profit category” is limited to life-saving organizations).

10. The use of the Spiritual Center’s facilities does not benefit humanity or a significant rather than limited segment of the community.

11. The Spiritual Center’s land and buildings are not used for scientific purposes and are not entitled to exemption pursuant to G.S. § 105-278.7.

12. The Spiritual Center is not one of the seven agencies listed in G.S. § 105-278.7(c).

13. The Spiritual Center’s properties are not used for work done in a natural science.

14. The buildings used in part by the Ideal Girls’ School are not owned or occupied gratuitously by an educational institution, and thus are not exempt from taxation.

15. Some of the facilities used by the Ideal Girls’ School are owned by the Spiritual Center, which is not an educational institution. In addition, the Maharishi Global Administration Through Natural Laws, which operates the School, is not an educational institution.

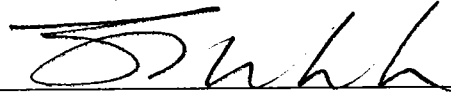
16. The residential and dining facilities used by the Ideal Girls’ School are shared with the Mother Divine and not used wholly and exclusively by the Ideal Girls’ School.

17. Watauga County Tax Administrator and the County Board followed the Machinery Act in considering the applications for exemption submitted by the Spiritual Center and acted in good faith in doing so. The Spiritual Center has not shown discrimination, procedural irregularities, statutory violations or unconstitutional conduct by Watauga County.

18. The Spiritual Center’s exemption requests for the subject properties must be denied under the North Carolina General Statutes as they are written.

THE COMMISSION NOW, THEREFORE, ORDERS ADJUDGES AND DECREES that the decision of the Watauga County Board of Equalization and Review dated April 22, 1999 is affirmed and that the Spiritual Center’s appeal to this Commission is dismissed.

NORTH CAROLINA PROPERTY TAX COMMISSION

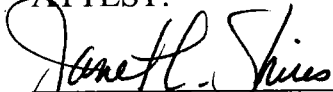


Terry L. Wheeler, Chairman

Vice Chair Sitton and Commissioner Members Cope,
Absher and Wilmoth concur.

Entered: December 27, 2000

ATTEST:



Janet L. Shires, Secretary

