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The U.S. Supreme Court is seen near sunset in Washington, Oct. 18, 2018. (AP Photo/Manuel Balce Ceneta, File)

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The Supreme Court appeared March 31 to be leaning toward a Catholic charitable organization pushing back against the state of Wisconsin in the latest religious rights case to come before the court.

In a case that could have wide-ranging effects, the justices suggested the Catholic Charities Bureau should not have to pay unemployment taxes because the work of the social services agency is motivated by religious beliefs, and the state exempts religious groups from the tax.

"Isn't it a fundamental principle of our First Amendment that the state shouldn't be picking and choosing between religions?" Justice Neil Gorsuch said.

The dispute is one of three cases involving religion under consideration this term by the justices who have issued a string of decisions siding with churches and religious plaintiffs. The others involve religious objections to books read in public schools and public funding for religious schools.

The charities don't qualify for the tax exemption because the day-to-day services it provides don't involve religious teachings, Colin Roth, an attorney for Wisconsin, argued. Catholic Charities has paid the tax for over 50 years, and if the court finds it can claim the exemption that could open the door to big employers like religiously-affiliated hospitals pulling out of the state unemployment system as well, he said.

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While Roth faced a grilling from both liberal and conservative justices, some like Amy Coney Barrett also raised questions about how far such exemptions would go. "One of the problems here is figuring out what the line is," she said.

The Trump administration weighed in to support the charity, urging the court to toss out a Wisconsin Supreme Court ruling siding with the state. The state high court misinterpreted a federal law when it found that both the motivations and the work itself has to be religious for organizations to avoid paying the tax, Deputy Solicitor General Curtis Gannon said.

"I do think that the Wisconsin Supreme Court deserves to know that it was incorrect," he said.

The arguments coincidentally come the day before a closely watched Wisconsin Supreme Court election that's drawn the involvement of billionaire Trump adviser Elon Musk.

Catholic Charities argues the state supreme court decision violates religious freedoms protected by the First Amendment by making determinations about what work qualifies as religious.

Liberal Justice Elena Kagan was among those questioning Wisconsin's contention that one way organizations can get the exemption is by actively proselytizing. Some faiths, she pointed out, purposely avoid attempting to convert people. "I thought it was pretty fundamental that we don't treat some religions better than other religions," she said.

Wisconsin exempts church-controlled organizations from unemployment tax if they are operated primarily for religious purposes. The Catholic Charities Bureau, though, has paid the tax since 1972. Much of the groups' funding is from public money, and neither employees or people receiving services have to subscribe to any faith, according to court papers from the state.

If the Supreme Court sides with the charity, employees would be covered by the faith's unemployment system, an option it argues is better than the state's system. The state says the costs are about the same, but the state offers more due process for employees who feel claims were wrongly denied.

A decision is expected by late June.