STATE OF NEW YORK

8583--A

2025-2026 Regular Sessions

IN ASSEMBLY

May 21, 2025

Introduced by M. of A. GLICK -- read once and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to enacting the "NY-PROTECT ACT"; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. This act shall be known and may be cited as the "NY-PROTECT ACT".

§ 2. The tax law is amended by adding a new section 27-a to read as follows:

§ 27-a. Improper suspension of tax-exempt status by the United States Internal Revenue Service. 1. Notwithstanding any state or local law, every organization designated by the Internal Revenue Service of the United States under section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization as of January nineteenth, two thousand twenty-five shall automatically maintain their tax-exempt status for New York state purposes until the earlier of: (a) a determination by the commissioner pursuant to an application as provided by this section; or (b) January first, two thousand twenty-six.

2. (a) Within ninety days of the effective date of this section, the commissioner shall establish a procedure or application allowing an organization that believes that the United States Internal Revenue Service illegally or improperly revoked its designation as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code to establish to the satisfaction of the commissioner that the organization meets the requirements of that section without regard to such revocation or federal status. The commissioner shall designate such organization as a "state protected not-for-profit organization" upon such satisfaction.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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(b) The commissioner shall automatically designate an organization as a "state protected not-for-profit organization" if the organization provides to the commissioner a copy of a federal or state court ruling in effect holding that the United States Internal Revenue Service acted or likely acted illegally when it revoked the tax-exempt status of the organization, regardless of whether the United States Internal Revenue Service has complied with or is appealing such ruling.

3. An organization whose request to be designated as a "state protected not-for-profit organization" is denied by the commissioner shall have the right to appeal the determination using the procedure prescribed by article forty of this chapter or otherwise prescribed pursuant to this chapter, and must, in such proceeding, challenge the merits of the determination made by the United States Internal Revenue Service.

4. A "state protected not-for-profit organization" shall maintain its tax-exempt status under New York state and local law without regard to the change in its federal status. It shall, notwithstanding any other state or local law or rule, be treated as if it were an organization designated as a 501(c)(3) organization by the United States Internal Revenue Service in respect to any tax, fee or other imposition administered by the commissioner; and in respect to any sale, transfer or assignment; and in respect to any tax, fee or other imposition administered by a local government; and in respect to any contract, grant, benefit, license, obligation, qualification, procedure or program established or operated by or with the state or a local government, inclusive of any agency, authority or subdivision thereof.

5. (a) The commissioner shall provide a determination to an organization satisfying the requirements imposed by subdivision two of this section with respect to a certification of its designation as a "state protected not-for-profit organization" within thirty days of receipt of a completed application.

(b) Notwithstanding any state or local law, rule or regulation or procedure, this certification shall be accepted in lieu of any requirement that an organization provide documentation, or otherwise certify or affirm, that it is an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

(c) The certification shall remain in effect until the earlier of either April fifteenth of the year following the issuance of such certificate, or one year after the date that the United States Internal Revenue Service restores the designation of the organization as tax-exempt; provided that the commissioner may revoke the certificate and designation at any time if the commissioner determines that the organization: (i) no longer satisfies the requirements set forth in subdivision two of this section; or (ii) provided false information material to the determination of the commissioner that the organization satisfied such requirements.

(d) The commissioner may establish a truncated application or procedure to allow for the renewal or re-issuance of such certification.

§ 3. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after January 19, 2025, and shall expire and be deemed repealed January 20, 2029.