S T A T E O F N E W Y O R K

5848

2015-2016 Regular Sessions

I N S E N A T E

June 8, 2015

Introduced by Sens. COMRIE, GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the not-for-profit corporation law, in relation to allowing certain entities to convert their status of filing as a not-for-profit organization to a for-profit entity

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 104 of the not-for-profit corporation law is amended by adding a new paragraph (h) to read as follows:

(H) A BUSINESS INADVERTENTLY INCORPORATED, AS A NOT-FOR-PROFIT CORPORATION UNDER SECTION FOUR HUNDRED TWO OF THIS CHAPTER SHALL BE PERMITTED TO CONVERT ITS STATUS OF FILING AS A NOT-FOR-PROFIT CORPORATION TO A FOR-PROFIT CORPORATION UNDER SECTION FOUR HUNDRED TWO OF THE BUSINESS CORPORATION LAW IF THE INCORPORATOR OR INCORPORATORS SUBMIT SWORN STATEMENTS UNDER THE PENALTIES OF PERJURY CERTIFYING THE FOLLOWING:

(1) THE INADVERTENT FILING WAS DUE TO IGNORANCE OF THE LAW AND THAT LEGAL ADVICE HAD NOT BEEN SOUGHT OR RECEIVED AS TO THE APPROPRIATE COURSE OF ACTION THAT WOULD HAVE RESULTED IN CORRECT REGISTRATION ALLOWING FOR THE INTENDED FOR-PROFIT OPERATION OF THE ENTITY;

(2) THE ENTITY AT NO TIME RECEIVED THE BENEFITS AND/OR PRIVILEGES OF BEING RECOGNIZED AS A NOT-FOR-PROFIT CORPORATION, SUCH AS BEING EXEMPT FROM INCURRING ANY LOCAL, STATE, OR FEDERAL TAXES;

(3) THE ENTITY THROUGHOUT ITS OPERATION REGISTERED AS A NOT-FOR-PROFIT CORPORATION DID NOT AT ANY TIME SOLICIT AND/OR RECEIVE ANY PRIVATE AND/OR PUBLIC GRANTS OR CHARITABLE DONATIONS; AND

(4) THE OFFICE OF THE ATTORNEY GENERAL HAS NOT FILED AN OBJECTION TO THE CONVERSION.

S 2. This act shall take effect on the thirtieth day after it shall have become a law.

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

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