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

5996--B

Cal. No. 364

2015-2016 Regular Sessions

I N S E N A T E

June 18, 2015

Introduced by Sens. COMRIE, GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Corporations, Authorities and Commissions in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to allow certain entities to convert their status of filing as a not-for-profit organization to a for-profit entity; 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. Notwithstanding any provision of law to the contrary, a business incorrectly incorporated, as a not-for-profit corporation under section four hundred two of the not-for-profit corporation law 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 to the attorney general sworn statements under the penalties of perjury certifying the following:

(1) 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 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

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

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(4) the office of the attorney general has provided written indications that either it does not object to, or it approves of, the proposed conversion.

S 2. This act shall take effect immediately and shall expire and be deemed repealed one hundred eighty days after such date.