

STATE OF NEW YORK

995

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IN SENATE

January 6, 2017

Introduced by Sens. BONACIC, LARKIN -- read twice and ordered printed,
and when printed to be committed to the Committee on Finance

AN ACT to amend the real property tax law, in relation to the exemption
from taxation for non-profit organizations; and making an appropri-
ation therefor

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

1 Section 1. Subdivision 1 of section 420-a of the real property tax law
2 is amended by adding a new paragraph (c) to read as follows:

3 (c) When used in this section:

4 (i) "organized or conducted exclusively" shall require that a corpo-
5 ration's or association's organizational documents limit the purposes of
6 such corporation or association to one or more exempt purposes, as set
7 out in paragraph (a) of this subdivision;

8 (ii) "used exclusively" shall require that a corporation or associ-
9 ation use its property only for exempt purposes. Uses which may be help-
10 ful to the exempt organization but would not, if done on land owned by
11 an otherwise taxable entity, qualify for tax exemption shall subject the
12 portion of the property so used to real property taxation. Such phrase
13 shall be strictly construed and shall be intended to limit exemptions to
14 property and improvements utilized solely for exempt purposes. Where an
15 exempt organization utilizes its land for other purposes, including but
16 not limited to, the sale of products made on the land commercially or
17 the sale of timber, or otherwise leases the land for commercial
18 purposes, or allows the placement or construction of improvements on the
19 land for commercial purposes, that portion of such property and any
20 improvements thereon if such improvements are not utilized for wholly
21 exempt purposes shall be subject to real property taxation;

22 (iii) "religious purposes" shall mean an activity that is fundamental,
23 necessary and intrinsic to the practice of a religion. Meditation or
24 the maintenance of open space or property utilized primarily for hiking

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

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1 shall not be considered a fundamental or intrinsic religious purpose. A
2 corporation or association organized or conducted exclusively for a
3 religious purpose shall have its own beliefs, form of worship and form
4 of organization. No exemption may be claimed for religious purposes for
5 buildings which are on a parcel where persons live if such persons work
6 in income producing ventures where the income either goes to the indi-
7 vidual or to another claiming the exemption or to an organization which
8 is legally associated or affiliated with the income producing venture,
9 unless such goods or services are exclusively and without exception sold
10 to or provided to individuals of the same religion. For the purposes of
11 this paragraph, the term "income" need not include payment of money but
12 may include the receipt by an individual who has provided work or his or
13 her family of food, or clothing or shelter. The fact that individuals
14 live in a classless society shall not be a factor in granting or denying
15 an exemption based on religious purposes. The provisions of this subpar-
16 agraph shall not affect the provisions of section four hundred thirty-
17 six, four hundred sixty or four hundred sixty-two of this title;

18 (iv) "educational purpose" shall mean either:

19 (A) an activity which shall be undertaken in a manner which satisfies
20 the compulsory education requirements of the education law or an activ-
21 ity which is done under the supervision of an entity which is tax exempt
22 pursuant to the not-for-profit corporation law or the internal revenue
23 code and the entity which conducts such activities can issue a diploma
24 and also holds a certificate of registration issued by the board of
25 regents. Such term shall also mean purposes which are exclusively used
26 to increase the knowledge of individuals and which are owned by an
27 institution of higher learning or a school of medicine, dentistry or
28 osteopathy created by law or otherwise authorized by the board of
29 regents of the state university of New York to confer degrees and which
30 meet standards of educational quality comparable to those as may be
31 established from time to time by the board of regents of the state
32 university of New York; such term shall also include property owned by
33 one claiming an exemption from taxation for educational purposes which
34 is used to house individuals who are actively engaged at least one
35 hundred twenty days per year in seeking to satisfy the compulsory educa-
36 tion requirements of the education law or who are seeking a degree,
37 certificate, or diploma, through a property owner or lessee which holds
38 a certificate of registration issued by the board of regents or who
39 holds a charter granted by the New York state education department. An
40 entity claiming exemption for educational purposes shall utilize each
41 acre at least one hundred twenty days a year exclusively for educational
42 purposes in order to maintain an exemption from property taxation pursu-
43 ant to this subparagraph; or

44 (B) property owned by an organization which is a not-for-profit corpo-
45 ration or is otherwise tax exempt pursuant to the internal revenue code,
46 each exempt acre of which is actively and exclusively used at least
47 sixty days per year by persons under the age of twenty-one who are
48 learning skills related to nature, the outdoors and/or personal and
49 civic responsibilities. The provisions of this subparagraph shall be
50 strictly interpreted. Notwithstanding any other portion of this subpar-
51 agraph, the property may also be utilized by organizations or individ-
52 uals for community meetings or community classes or events when no more
53 than the actual expenses of utilizing the facility are charged to the
54 organization or individual; provided no activity described in this
55 subparagraph shall count as part of the day requirements otherwise
56 provided for in this subparagraph. Property necessary for the carrying

1 out of educational purposes, including property necessary for transpor-
2 tation facilities, athletic facilities, parking facilities, or adminis-
3 trative offices shall be considered an educational purpose if owned by
4 an organization which otherwise qualifies as exempt for educational
5 purposes;

6 (v) "charitable purposes" shall mean an activity done without profit
7 which actually and exclusively either:

8 (A) undertakes significant blood donation initiatives, as well as
9 other health related initiatives, including, but not limited to the
10 teaching of classes, and also responds to disasters; or

11 (B) which actively and exclusively alleviates the condition of poor or
12 physically or mentally disabled humans. The intended beneficiaries shall
13 not be specified individuals and the services provided by an organiza-
14 tion claiming charitable exemption shall be open to the public based on
15 economic or physical criteria. An entity claiming exemption for charita-
16 ble purposes shall utilize each acre at least one hundred twenty days a
17 year exclusively for charitable purposes in order to maintain an
18 exemption from property taxation pursuant to this subparagraph. For the
19 purposes of this section and section four hundred twenty-b of this
20 title, no person who receives food, clothing, or housing from an educa-
21 tional, charitable, religious, moral or mental improvement of men,
22 women, and children entity shall be determined to be poor because such
23 person or his or her family gives as much or more of their income to the
24 charitable entity or another entity which is tax exempt pursuant to the
25 Internal Revenue Code or exempt from real property taxation under this
26 section, or both, as would be required to make a determination that that
27 person or his or her spouse or child is poor;

28 (vi) "hospital purposes" shall mean a hospice facility as defined in
29 article forty of the public health law as well as a hospital facility or
30 institution engaged principally in providing services by or under the
31 supervision of a physician for the prevention, diagnosis or treatment of
32 human disease, pain, injury, deformity or physical condition and which
33 is certified or licensed pursuant to article twenty-eight of the public
34 health law, and which on an ongoing and constant basis provides over-
35 night accommodations to those in need of medical services. It shall also
36 include facilities owned by a hospital facility or corporation related
37 thereto which provides medical care, even if not on a constant basis. It
38 shall also include related parking facilities which exclusively serve
39 the hospital as well as related grounds which are used by hospital
40 patients; and shall also include an emergency room, which is defined to
41 mean a center open on a continuous basis which provides emergency care
42 for those in need of medical services and which is in the same building
43 as a hospital. It shall not include living accommodations for hospital
44 personnel or their families;

45 (vii) "moral or mental improvement of men, women, or children" shall
46 include each of the following categories of real property described in
47 this subparagraph. In order to be exempt from taxation, each acre shall
48 have to be actively and actually utilized for an exempt purpose at least
49 one hundred twenty days in any year an exemption is claimed for or
50 sought. In addition, the property, in addition to any other requirement,
51 shall be classified as not-for-profit or tax exempt under the Internal
52 Revenue Code.

53 (A) Real property primarily used to facilitate or enhance the arts;

54 (B) Real property primarily used in the study of sciences, biology,
55 and horticulture;

56 (C) Real property primarily used for the benefit of non-human animals;

1 (D) Real property which is open to the public and is primarily unim-
2 proved and is kept open for hiking, walking, or forms of exercise which
3 do not commonly use mechanized devices except by those persons who are
4 disabled or otherwise unable to walk without mechanized assistance. Such
5 open space may be open to the public upon the payment of a fee which is
6 directly related to the costs of maintaining the property, including the
7 improvements thereon. Open space shall not include any property or
8 portion therefor from which the public is excluded except for exclusions
9 based exclusively on public health purposes, as determined by a govern-
10 mental agency, or for public safety reasoning, as determined by the
11 property owner, such determination to be reviewable in any court having
12 equity jurisdiction and a presumption shall be attached thereto that the
13 property owner's determination is reasonable. Attorneys fees may be
14 awarded, at the discretion of the court, for any primarily prevailing
15 party who commences or defends a civil action based on the public safety
16 aspects of this subparagraph;

17 (E) "Land trust" shall mean real property which is primarily unim-
18 proved. No owner shall be entitled to a property tax exemption as a land
19 trust unless that property owner meets all of the following criteria:
20 (1) enters into a contract with the assessing unit which provides that
21 the land in the land trust may not be sold or encumbered, except by
22 mortgage or conservation easement, without the property owner, within
23 thirty days of such sale or encumbrance, entering into a valid contract
24 to purchase land of at least an equal value in the state of New York to
25 be placed in a land trust and actually so purchasing within one year of
26 entering into such contract; (2) is included as part of a lawfully
27 enacted comprehensive plan by the county, city, town, or village which
28 such property is in or is identified in an official open space or
29 natural resources protection plan duly adopted by a federal, state or
30 local government or agency thereof; (3) exists as a land trust to
31 protect ecological resources which are considered valuable in a lawfully
32 enacted comprehensive plan provided that public access shall not be a
33 criteria in deterring an exemption from taxation for land trust
34 purposes; and (4) unless the governing board of the town, city, or
35 village where the property is situated passes a resolution to the
36 contrary, if the purchase, referred to in item (A) of this clause does
37 not occur within the time limitations provided in such item, the land
38 trust shall be liable for all tax payments which such land trust would
39 have paid on the property such land trust sold for the period of time
40 which such land trust would have owed to all lawful taxing jurisdictions
41 unless the title to the land such land trust entered into a contract to
42 purchase was unmarketable or the seller of such property withdrew the
43 offer to sell in which case such land trust shall have an additional
44 three hundred sixty-five day period to purchase and close title on prop-
45 erty in the state of New York, the value of which is at least equal to
46 the value of the property such land trust sold which required the
47 purchase of the property whose title was unmarketable or whose offer to
48 sell was withdrawn;

49 (F) "Personal improvement" shall mean real property other than that
50 provided for in clause (B) of subparagraph (iv) of this paragraph, which
51 is used primarily by persons under the age of twenty-one who are learn-
52 ing skills related to nature, the outdoors and/or personal and civic
53 responsibilities. Such property shall be owned by organizations or asso-
54 ciations which are tax exempt under the Internal Revenue Code. Notwith-
55 standing any part of this subdivision to the contrary, each acre of

1 property exempted as personal improvement property need only be utilized
2 ninety days per year in order to maintain such property's exemption;

3 (G) "Non-scholastic educational" shall mean real property owned by an
4 organization which is tax exempt under the Internal Revenue Code and
5 which is primarily used to improve the intellectual capabilities of
6 human beings which do not otherwise qualify for tax exemption pursuant
7 to this section;

8 (H) "Recreational" shall mean real property owned by an organization
9 which is tax exempt under the Internal Revenue Code and which provides
10 recreational opportunity for individuals regardless of ability to pay.
11 Recreational opportunities can be either indoors or outdoors and may
12 include overnight opportunities primarily for persons under the age of
13 twenty-one years;

14 (I) "Medical purposes" shall mean real property otherwise owned by an
15 organization which is tax exempt under the Internal Revenue Code and
16 which is not a hospital as defined by this section but which qualifies
17 as a hospital as defined in article twenty-eight of the public health
18 law. Notwithstanding any provision of this subdivision to the contrary,
19 property exempted for medical purposes need not meet any minimum usage
20 requirement in terms of the number of days each acre is actively and
21 actually used;

22 (J) "Home care services" shall mean real property otherwise owned by
23 an organization which is tax exempt under the Internal Revenue Code and
24 is a home care services agency as defined in article thirty-six of the
25 public health law, notwithstanding any provision of this subdivision to
26 the contrary, property exempted for home care services purposes need not
27 meet any minimum usage requirement in terms of the number of days each
28 acre is actively and actually used;

29 (K) "Residential health care facility" shall mean real property other-
30 wise owned by an organization which is tax exempt as a residential
31 health care facility as defined in article twenty-eight of the public
32 health law. Notwithstanding any provision of this subdivision to the
33 contrary, property exempted for residential health care facility
34 purposes need not meet any minimum usage requirement in terms of the
35 number of days each acre is actively and actually used;

36 (L) "Other medical purposes" shall mean real property which otherwise
37 is owned by an organization which is tax exempt under the Internal
38 Revenue Code and is used to provide medical services to those in need.
39 Notwithstanding any provision of this subdivision to the contrary, prop-
40 erty exempted for other medical purposes need not meet any minimum usage
41 requirement in terms of the number of days each acre is actively and
42 actually used;

43 (M) "Primarily charitable purposes" shall mean an activity done on
44 real property owned by an organization which is tax exempt under the
45 Internal Revenue Code and which actually and primarily alleviates the
46 condition of poor or physically or mentally disabled humans. The
47 intended beneficiaries shall not be specified individuals and the
48 services provided by an organization claiming charitable exemption shall
49 be open to the public based on economic or physical criteria; and

50 (N) "Other moral or mental improvement" shall mean real property owned
51 by an organization which is tax exempt under the Internal Revenue Code
52 and which is dedicated in a manner other than as provided in this para-
53 graph to the moral or mental improvement of men, women, or children.

54 § 2. Subdivision 1 of section 420-b of the real property tax law is
55 amended by adding a new paragraph (d) to read as follows:

56 (d) When used in this section:

1 (i) "organized exclusively" shall require that a corporation's or
2 association's organizational documents limit the purpose of such corpo-
3 ration or association to one or more exempt purposes, as set out in
4 paragraph (a) of this subdivision. Furthermore, the corporation or asso-
5 ciation shall not be empowered to engage in activities which in them-
6 selves are not in furtherance of one or more such purposes; and

7 (ii) "used exclusively" shall require that a corporation or associ-
8 ation use its property only for exempt purposes. Uses which may be help-
9 ful to the exempt organization but would not, if done on land owned by
10 an otherwise taxable entity, qualify for tax exemption shall subject the
11 portion of the property so used to real property taxation. Such phrase
12 shall be strictly construed and shall be intended to limit exemptions to
13 property and improvements utilized solely for exempt purposes. Where an
14 exempt organization utilizes its land for other purposes, including but
15 not limited to, the sale of products made on the land commercially or
16 the sale of timber, or otherwise leases the land for commercial
17 purposes, or allows the placement or construction of improvements on the
18 land for commercial purposes, that portion of such property and any
19 improvements thereon if such improvements are not utilized for wholly
20 exempt purposes shall be subject to real property taxation.

21 § 3. The real property tax law is amended by adding a new section
22 420-d to read as follows:

23 § 420-d. State aid payments for properties exempted from taxation. 1.
24 Definitions. (a) For the purpose of this section, the phrase "taxing
25 district" shall include schools, counties, cities, towns, villages, as
26 well as lawfully formed districts which provide services, including, but
27 not limited to fire protection districts, ambulance districts, as well
28 as other lawfully formed districts which do not receive payments from an
29 affected property owner.

30 (b) For the purposes of this section, the phrase "affected property
31 owner" shall mean an organization which is exempt from taxation pursuant
32 to the internal revenue code and which owns property described in clause
33 (B) of subparagraph (iv) of paragraph (c) of subdivision one of section
34 four hundred twenty-a of this title.

35 2. State aid payments. A taxing district in which property is situated
36 which property is owned by an affected property owner shall, subject to
37 the provisions of this section, be entitled to receive up to one hundred
38 percent of the taxes which would have been paid on such property had
39 such property not been owned by an affected property owner.

40 3. Application. (a) The chief executive officer of a taxing district
41 in which there is property owned by an affected property owner may make
42 application for state assistance pursuant to this section. Such applica-
43 tion shall be on a form developed by the commissioner. Upon receipt of
44 the application for state assistance, such property shall be valued by
45 the commissioner and the cumulative value of all such lands shall be
46 equalized by applying thereto the appropriate state equalization rate or
47 special equalization rate established in accordance with the rules of
48 the commissioner.

49 (b) Subject to an acceptable application, the commissioner shall
50 compute the amount of state assistance payable to or for the benefit of
51 each taxing district by multiplying the value of the assessed property
52 by the tax rate per thousand for each taxing district who makes applica-
53 tion pursuant to the provisions herein. Such amount shall then be paid
54 to the taxing district upon the audit and warrant of the state comp-
55 troller out of moneys appropriated by the legislature. In the event that
56 the total moneys payable pursuant to this section shall exceed ten

1 million dollars in any state fiscal year, the payments to taxing
2 district shall be reduced proportionately for each taxing district which
3 has timely made application pursuant to this section.

4 4. Rules. The commissioner is authorized to develop rules and regu-
5 lations or guidelines for the implementation of this section.

6 § 4. The sum of ten million dollars (\$10,000,000) or so much thereof
7 as may be necessary, is hereby appropriated to the commissioner of taxa-
8 tion and finance from any moneys in the state treasury in the general
9 fund to the credit of the state purposes account not otherwise appropri-
10 ated for services and expenses of the commissioner of taxation and
11 finance for the purposes of carrying out the provisions of this act.
12 Such sum shall be payable on the audit and warrant of the state comp-
13 troller on vouchers certified or approved by the commissioner of taxa-
14 tion and finance, or his or her duly designated representative in the
15 manner provided by law. No expenditure shall be made from this appropri-
16 ation until a certificate of approval of availability shall have been
17 issued by the director of the budget and filed with the state comp-
18 troller and a copy filed with the chair of the senate finance committee
19 and the chair of the assembly ways and means committee. Such certificate
20 may be amended from time to time by the director of the budget and a
21 copy of each such amendment shall be filed with the state comptroller,
22 the chair of the senate finance committee and the chair of the assembly
23 ways and means committee.

24 § 5. This act shall take effect on the first of January next succeed-
25 ing the date on which it shall have become a law and shall apply to
26 assessment rolls prepared on the basis of taxable status dates occurring
27 on or after such date.