

STATE OF NEW YORK

10232

IN ASSEMBLY

May 15, 2024

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Gallagher)
-- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the not-for-profit corporation law, in relation to protecting community services affected by the sale, mortgage and lease of real property of religious corporations

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

1 Section 1. Subparagraph 9 of paragraph (a) of section 511 of the not-
2 for-profit corporation law is renumbered subparagraph 10 and a new
3 subparagraph 9 is added to read as follows:

4 9. In the case of a religious corporation, as such term is defined in
5 section two of the religious corporations law, a description of the
6 community services for which the corporate assets are used, if any, at
7 the time of the petition and at any time in the preceding three years,
8 listing the regularity of such use, the organization sponsoring or
9 organizing such use, if any, the average attendance of such community
10 services or the number of individuals routinely served, the terms and
11 conditions of such use, if any, and whether such community service ended
12 and for what reason. The corporation shall affix to the petition an
13 affirmation signed by a member, manager, or director of each organiza-
14 tion sponsoring or organizing such community services, including the
15 corporation if applicable, attesting to the accuracy of the information
16 described therein. For the purposes of this section, the term "community
17 services" shall include, without limitation, social services, childcare,
18 food pantries, donation collection and distribution, direct aid, disas-
19 ter relief, trainings, tax preparation, immigration services, soup
20 kitchens, referrals, town halls and community meetings, support or
21 affinity groups, safe haven or asylee shelter, showers, choirs and
22 musical performances, and recreational activities.

23 § 2. Paragraph (d) of section 511 of the not-for-profit corporation
24 law, as amended by chapter 961 of the laws of 1972, is amended and a new
25 paragraph (e) is added to read as follows:

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

LBD15518-02-4

1 (d) If it shall appear, to the satisfaction of the court, that the
2 consideration and the terms of the transaction are fair and reasonable
3 to the corporation [~~and~~], that the purposes of the corporation or the
4 interests of the members will be promoted, and, in the case a religious
5 corporation, as such term is defined in section two of the religious
6 corporations law, that any disruption of community services by the tran-
7 saction is not irreversible or immediately harmful to significant and
8 sensitive community interests, it may authorize the sale, lease,
9 exchange or other disposition of all or substantially all the assets of
10 the corporation, as described in the petition, for such consideration
11 and upon such terms as the court may prescribe. The order of the court
12 shall direct the disposition of the consideration to be received there-
13 under by the corporation.

14 (e) In the case of a religious corporation, as such term is defined in
15 section two of the religious corporations law, if the court suspects
16 that the transaction may cause a disruption to community services that
17 is irreversible or immediately harmful to significant and sensitive
18 community interests, the court may, in its discretion, schedule a sepa-
19 rate hearing on the question and invite testimony or submissions from
20 affected members of the community. If the court finds, with or without a
21 separate hearing on the question, that the transaction shall cause a
22 disruption to community services that is irreversible or immediately
23 harmful to significant and sensitive community interests, the court may,
24 in its discretion and as an alternative to denying the petition, order
25 the transaction to be delayed until a reasonable date certain by which
26 affected community organizations can make an offer for the purchase of
27 those assets necessary to continue the provision of community services
28 identified by the court as serving significant and sensitive community
29 interests or accept from the corporation a stipulation entered into with
30 affected community organizations to make available suitable alternative
31 space or any other appropriate form of guarantee or surety for the
32 continued provision of those community services identified by the court
33 as serving significant and sensitive community interests.

34 § 3. This act shall take effect immediately.