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:

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

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

§ 2. Paragraph (d) of section 511 of the not-for-profit corporation law, as amended by chapter 961 of the laws of 1972, is amended and a new 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

(d) If it shall appear, to the satisfaction of the court, that the consideration and the terms of the transaction are fair and reasonable to the corporation [~~and~~], that the purposes of the corporation or the interests of the members will be promoted, **and, in the case a religious corporation, as such term is defined in section two of the religious corporations law, that any disruption of community services by the transaction is not irreversible or immediately harmful to significant and sensitive community interests,** it may authorize the sale, lease, exchange or other disposition of all or substantially all the assets of the corporation, as described in the petition, for such consideration and upon such terms as the court may prescribe. The order of the court shall direct the disposition of the consideration to be received thereunder by the corporation.

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

§ 3. This act shall take effect immediately.