STATE OF NEW YORK

11304

IN ASSEMBLY

May 11, 2026

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Blumencranz) -- read once and referred to the Committee on Governmental Operations

AN ACT to amend the executive law, the state finance law and the tax law, in relation to increasing transparency and accountability of organizations engaging in political activities and supporting terrorism

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

Section 1. Short title. This act shall be known and may be cited as the "no tax dollars for terror act".

§ 2. Legislative intent. The legislature finds that organizations operating in the state of New York, whether for-profit, not-for-profit, or politically affiliated, must not misuse public funds or abuse their tax-exempt status to support terrorism or manipulate public discourse through undisclosed paid protestors. This legislation is necessary to increase transparency, protect taxpayer resources, and ensure New York does not inadvertently fund or subsidize organizations engaged in subversive, antisemitic, or terror-sympathizing activities.

§ 3. The executive law is amended by adding a new section 76 to read as follows:

§ 76. Disclosure of paid protestors. 1. Any individual who is compensated to participate in a public demonstration, protest, or rally in the state of New York shall, while engaging in such activity, wear conspicuous identification indicating they are a "PAID PROTESTOR".

2. The sponsor or employer of such individual shall:

(a) file a disclosure with the attorney general within five days prior to the demonstration indicating the date, location, estimated number of paid participants, and identity of the employing organization; and

(b) provide visible signage at the event clearly noting the presence of compensated participants.

3. Any organization failing to comply with this section shall be subject to a civil penalty of up to ten thousand dollars per violation, and repeat violations may result in the revocation of state grants or contracts.

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

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4. The attorney general shall maintain a public registry of organizations employing paid demonstrators.

§ 4. The executive law is amended by adding a new section 77 to read as follows:

§ 77. Mandatory duties of the attorney general regarding terrorist-supporting organizations. 1. The attorney general shall, within sixty days of receiving credible information or a federal designation that an organization has provided material support or resources to a terrorist organization as defined under 18 U.S.C. § 2339B, make a formal determination of ineligibility for purposes of section fifty-three-e of the state finance law and section twenty-seven of the tax law.

2. The attorney general shall not exercise discretion to withhold such determination based on political, ideological, or policy considerations, and failure to act within the prescribed timeframe shall be deemed a dereliction of duty and subject to judicial review and appropriate mandamus relief.

3. In making such determinations, the attorney general shall be bound by:

(a) Any designation by the United States secretary of state, secretary of the treasury, or attorney general of an organization as a terrorist organization or as having provided material support to such;

(b) Any finding by a federal agency or court that an organization meets the criteria of a terrorist-supporting organization; and

(c) Any determination under federal tax law (including IRC § 501(p)(8)) related to terrorist support.

4. The attorney general shall publish and maintain a publicly accessible registry of all organizations deemed ineligible under these provisions, and such registry shall be updated quarterly.

§ 5. The state finance law is amended by adding a new section 53-e to read as follows:

§ 53-e. Prohibition on the disbursement of state funds to terrorist-supporting organizations. 1. No discretionary funds, grants, general fund allocations, or other appropriations shall be awarded to any organization that, during the preceding twenty years, has provided material support, resources, advocacy, or promotion for any terrorist organization as defined in federal law (18 U.S.C. § 2339B) or designated by the United States secretary of state or secretary of the treasury.

2. The division of the budget shall maintain a list of ineligible organizations based on determinations made by the attorney general.

3. State agencies and municipalities are prohibited from contracting with or issuing any form of funding to organizations appearing on this list.

4. Waivers or exemptions are strictly prohibited.

§ 6. Section 27 of the tax law is REPEALED and a new section 27 is added to read as follows:

§ 27. Termination of tax-exempt status of terrorist-supporting organizations. 1. The commissioner shall revoke the tax-exempt status of any organization determined by the attorney general to have provided material support to a terrorist organization within the meaning of 18 U.S.C. § 2339B.

2. The commissioner shall coordinate with federal authorities and utilize determinations under Section 501(p)(8) of the Internal Revenue Code, as amended by H.R. 6408 (118th Congress), as the basis for revocation.

3. Affected organizations shall be notified and may appeal within sixty days, but tax-exempt privileges shall be suspended during the pendency of such appeal.

4. Organizations that lose tax-exempt status under this section shall be ineligible to reapply for state or local tax exemptions for a period of ten years.

5. The department shall maintain a list of revoked organizations and post it on the department's website.

§ 7. Severability. If any provision of this act, or any application of any provision of this act, is held to be invalid, that shall not affect the validity or effectiveness of any other provision of this act, or of any other application of any provision of this act, which can be given effect without that provision or application; and to that end, the provisions and applications of this act are severable.

§ 8. This act shall take effect immediately.