STATE OF NEW YORK

6968

2025-2026 Regular Sessions

IN SENATE

March 27, 2025

Introduced by Sen. LANZA -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law and the real property tax law, in relation to removing the tax exempt status of not-for-profit corporations for convictions of criminal facilitation of the organization or its officers, members or employees

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

Section 1. Section 208 of the tax law is amended by adding a new subdivision 9-a to read as follows:

9-a. Notwithstanding the provisions of subdivision nine of this section, the term "entire net income" means total net income from all sources which the taxpayer, in the case of a corporation which is exempt from federal income tax pursuant to section 501 (c) (3) of the internal revenue code, would have been required to report to the United States treasury department, if such taxpayer or any officer, member or employee thereof shall be convicted of criminal facilitation under article one hundred fifteen of the penal law.

§ 2. Paragraph (b) of subdivision 1 of section 420-a of the real property tax law, as amended by chapter 919 of the laws of 1981, is amended to read as follows:

(b) Real property such as specified in paragraph (a) of this subdivision shall not be exempt if any officer, member or employee of the owning corporation or association shall receive or may be lawfully entitled to receive any pecuniary profit from the operations thereof, except reasonable compensation for services in effecting one or more of such purposes, or as proper beneficiaries of its strictly charitable purposes; or if the organization thereof for any such avowed purposes be a guise or pretense for directly or indirectly making any other pecuniary profit for such corporation or association or for any of its members or employees; or if it be not in good faith organized or conducted

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

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exclusively for one or more of such purposes**; or if the owning corporation or association or any officer, member or employee thereof shall be convicted of criminal facilitation under article one hundred fifteen of the penal law**.

§ 3. Paragraph (c) of subdivision 1 of section 420-b of the real property tax law, as added by chapter 919 of the laws of 1981, is amended to read as follows:

(c) Real property such as specified in paragraph (a) of this subdivision shall not be exempt if any officer, member or employee of the owning corporation or association shall receive any pecuniary profit from the operations thereof, except reasonable compensation for services in effecting one or more of such purposes, or as proper beneficiaries of its strictly charitable purposes; or if the organization thereof for any such avowed purposes be a guise or pretense for directly or indirectly making any other pecuniary profit for such corporation or association or for any of its members or employees; or if it be not in good faith organized exclusively for one or more of such purposes**; or if the owning corporation or association or any officer, member or employee thereof shall be convicted of criminal facilitation under article one hundred fifteen of the penal law**.

§ 4. Paragraph 4 of subdivision (a) of section 1116 of the tax law, as amended by chapter 407 of the laws of 2019, is amended to read as follows:

(4) Any corporation, association, trust, or community chest, fund, foundation, or limited liability company, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, (except as otherwise provided in subsection (h) of section five hundred one of the United States internal revenue code of nineteen hundred fifty-four, as amended), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office. The provisions of this paragraph regarding political campaign activity shall be interpreted in the same manner as section 501(c)(3) of the United States internal revenue code has been interpreted as of the effective date of the chapter of the laws of two thousand nineteen that amended this paragraph**. The provisions of this paragraph shall not apply to a corporation, association, trust or community chest, fund, foundation, or limited liability company where any such entity or any officer, member or employee thereof shall have been convicted of criminal facilitation under article one hundred fifteen of the penal law**;

§ 5. This act shall take effect immediately.