

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:

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

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

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

14 (b) Real property such as specified in paragraph (a) of this subdivi-
15 sion shall not be exempt if any officer, member or employee of the
16 owning corporation or association shall receive or may be lawfully enti-
17 tled to receive any pecuniary profit from the operations thereof, except
18 reasonable compensation for services in effecting one or more of such
19 purposes, or as proper beneficiaries of its strictly charitable
20 purposes; or if the organization thereof for any such avowed purposes be
21 a guise or pretense for directly or indirectly making any other pecuni-
22 ary profit for such corporation or association or for any of its members
23 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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1 exclusively for one or more of such purposes; or if the owning corpo-
2 ration or association or any officer, member or employee thereof shall
3 be convicted of criminal facilitation under article one hundred fifteen
4 of the penal law.

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

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

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

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

48 § 5. This act shall take effect immediately.