

STATE OF NEW YORK

7880

2025-2026 Regular Sessions

IN SENATE

May 13, 2025

Introduced by Sen. KRUEGER -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, in relation to enacting the "New York Preventing Revocation of Organizations' Tax-Exempt Classifications by Trump Act" or the "NY-PROTECT ACT"; and providing for the repeal of such provisions upon expiration thereof

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

1 Section 1. This act shall be known and may be cited as the "New York
2 Preventing Revocation of Organizations' Tax-Exempt Classifications by
3 Trump Act" or the "NY-PROTECT ACT".

4 § 2. The tax law is amended by adding a new section 27-a to read as
5 follows:

6 § 27-a. Improper suspension of tax-exempt status by the United States
7 Internal Revenue Service. 1. Notwithstanding any state or local law,
8 every organization designated by the Internal Revenue Service of the
9 United States under section 501(c)(3) of the Internal Revenue Code as a
10 tax-exempt organization as of January nineteenth, two thousand twenty-
11 five shall automatically maintain their tax-exempt status for New York
12 state purposes until the earlier of: (a) a determination by the commis-
13 sioner pursuant to an application as provided by this section; or (b)
14 January first, two thousand twenty-six.

15 2. (a) Within ninety days of the effective date of this section, the
16 commissioner shall establish a procedure or application allowing an
17 organization that believes that the United States Internal Revenue
18 Service illegally or improperly revoked its designation as a tax-exempt
19 organization under section 501(c)(3) of the Internal Revenue Code to
20 establish to the satisfaction of the commissioner that the organization
21 meets the requirements of that section without regard to such revocation

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

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1 or federal status. The commissioner shall designate such organization as
2 a "state protected not-for-profit organization" upon such satisfaction.

3 (b) The commissioner shall automatically designate an organization as
4 a "state protected not-for-profit organization" if the organization
5 provides to the commissioner a copy of a federal or state court ruling
6 in effect holding that the United States Internal Revenue Service acted
7 or likely acted illegally when it revoked the tax-exempt status of the
8 organization, regardless of whether the United States Internal Revenue
9 Service has complied with or is appealing such ruling.

10 3. An organization whose request to be designated as a "state
11 protected not-for-profit organization" is denied by the commissioner
12 shall have the right to appeal the determination using the procedure
13 prescribed by article forty of this chapter or otherwise prescribed
14 pursuant to this chapter, and must, in such proceeding, challenge the
15 merits of the determination made by the United States Internal Revenue
16 Service.

17 4. A "state protected not-for-profit organization" shall maintain its
18 tax-exempt status under New York state and local law without regard to
19 the change in its federal status. It shall, notwithstanding any other
20 state or local law or rule, be treated as if it were an organization
21 designated as a 501(c)(3) organization by the United States Internal
22 Revenue Service in respect to any tax, fee or other imposition adminis-
23 tered by the commissioner; and in respect to any sale, transfer or
24 assignment; and in respect to any tax, fee or other imposition adminis-
25 tered by a local government; and in respect to any contract, grant,
26 benefit, license, obligation, qualification, procedure or program estab-
27 lished or operated by or with the state or a local government, inclusive
28 of any agency, authority or subdivision thereof.

29 5. (a) The commissioner shall provide a determination to an organiza-
30 tion satisfying the requirements imposed by subdivision two of this
31 section with respect to a certification of its designation as a "state
32 protected not-for-profit organization" within thirty days of receipt of
33 a completed application.

34 (b) Notwithstanding any state or local law, rule or regulation or
35 procedure, this certification shall be accepted in lieu of any require-
36 ment that an organization provide documentation, or otherwise certify or
37 affirm, that it is an organization exempt from taxation under section
38 501(c)(3) of the Internal Revenue Code.

39 (c) The certification shall remain in effect until the earlier of
40 either April fifteenth of the year following the issuance of such
41 certificate, or one year after the date that the United States Internal
42 Revenue Service restores the designation of the organization as tax-ex-
43 empt; provided that the commissioner may revoke the certificate and
44 designation at any time if the commissioner determines that the organ-
45 ization: (i) no longer satisfies the requirements set forth in subdivi-
46 sion two of this section; or (ii) provided false information material to
47 the determination of the commissioner that the organization satisfied
48 such requirements.

49 (d) The commissioner may establish a truncated application or proce-
50 dure to allow for the renewal or re-issuance of such certification.

51 § 3. This act shall take effect immediately and shall be deemed to
52 have been in full force and effect on and after January 19, 2025, and
53 shall expire and be deemed repealed January 20, 2029.