

# 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.