§ 563. Non-profit organizations. 1. Definition. A "non-profit organization" shall mean any corporation, unincorporated association, community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

2. Exclusions. In addition to services not included pursuant to the provisions of section five hundred eleven, the term "employment" does not include services rendered for a non-profit organization by

(a) a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry, or by a member of a religious order in the exercise of duties required by such order,

(b) a lay member elected or appointed to an office within the discipline of a bona fide church and engaged in religious functions;

(c) a person employed at a place of religious worship as a caretaker or for the performance of duties of a religious nature, or both, unless voluntary election has been made pursuant to the provisions of section five hundred sixty-one of this article;

(d) a person who

(1) receives rehabilitative services in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or

(2) is given remunerative work in a facility conducted for the purpose of providing such work for persons who cannot be readily absorbed in the competitive labor market because of their impaired physical or mental capacity;

(e) an incarcerated individual of a custodial or penal institution;

(f) a person who participates in a youth service program designed to foster a commitment to community service and occupational and educational development and who, while participating in that program, performs services in the community or attends school and receives a stipend designed to cover expenses incurred in performing services or attending school, and is eligible for an award or scholarship upon leaving the program.

3. Coverage. Notwithstanding the provisions of sections five hundred sixty and five hundred sixty-two, a non-profit organization

(a) shall become liable for contributions under this article

(1) if it has paid cash remuneration of one thousand dollars or more in any calendar quarter and such liability shall commence on the first day of such quarter or

(2) if it has employed four or more persons on each of twenty days during a calendar year or the preceding calendar year, each day being in a different calendar week, and the liability shall in this event commence on the first day of the calendar year, and

(b) shall cease to be liable for contributions as of the first day of a calendar quarter next following the filing of a written application to this effect provided the commissioner finds that

(1) it has not paid cash remuneration of one thousand dollars or more in any of the four calendar quarters preceding such day and

(2) has not employed four or more persons on each of twenty days during the current or the preceding calendar year, each day being in a different week.

4. Election of payments in lieu of contributions. A non-profit organization, or a group of such organizations, liable for contributions under this article, but not subject to taxation under the federal unemployment tax act pursuant to the provisions of paragraph (8) of subsection (c) of section thirty-three hundred six of that act, may elect to become liable for payments in lieu of contributions as of the first day of any calendar year by filing with the commissioner a written notice to this effect before the beginning of such year or, if the organization was not liable in the preceding calendar year, by filing the notice not later than thirty days after the end of that calendar quarter in which the event rendering it liable occurred. The commissioner may for good cause shown extend the time for the filing of such notice.

5. Obligations upon election. (a) A non-profit organization which is liable for payments in lieu of contributions shall pay into the fund an amount equal to the amount of benefits paid to claimants and charged to its employer's account in accordance with the provisions of paragraph

(e) of subdivision one of section five hundred eighty-one on the basis of remuneration paid on or after the date on which such liability became effective. The amount of payments so required shall be determined by the commissioner as soon as practicable after the end of each calendar quarter or any other period. Such amount shall be payable at such times and in such manner as the commissioner may prescribe and, when paid, the employer's account of the non-profit organization shall be discharged accordingly.

(b) If non-profit organizations elect payments in lieu of contributions as a group, the members of the group shall be severally and jointly liable for payments of amounts equal to the amounts of benefits paid to claimants and charged to the employer's accounts of all members of the group.

The commissioner may prescribe conditions and methods for such group elections and for the discharge of the obligations and responsibilities of the group and its members.

(c) If a non-profit organization was liable for contributions under this article before nineteen hundred sixty-nine and elected payments in lieu of contributions when such election first became available under this section, the payments it is required to make shall include benefits charged on the basis of weeks of employment which began before the date on which such election took effect but shall not be greater than the sum by which a balance in its employer's account as of such date is exceeded by the amount of benefits charged on and after that date. The balance in the employer's account as of such date shall for the purposes of the foregoing provisions be deemed to include contributions paid on or before January thirty-first, nineteen hundred seventy-one on the basis of wages paid in the last calendar quarter of nineteen hundred seventy.

6. Termination of election. (a) A non-profit organization may terminate its election to become liable for payments in lieu of contributions as of the first day of any calendar year by filing a written notice to this effect with the commissioner before the beginning of such year.

(b) The commissioner may cancel at any time such election of a non-profit organization which has failed to make any of the payments

required hereunder within thirty days after the commissioner has notified it of the liability for and the amount of such payment. Such cancellation shall remain in force and effect until the non-profit organization files a new notice of election in accordance with the provisions of subdivision four after having satisfied conditions and requirements prescribed by the commissioner for this purpose.

(c) If such election is terminated by a non-profit organization or cancelled by the commissioner, the non-profit organization shall remain liable for payments in lieu of contributions with respect to all benefits charged to its account on the basis of remuneration paid before the date on which such termination or cancellation took effect.

7. Assessment and collection of payments in lieu of contributions. The amount of payments in lieu of contributions due hereunder but not paid upon notice shall be assessed and collected by the commissioner, together with interest and penalties, if any, in the same manner and subject to the same conditions in which contributions due from other employers may be assessed and collected under the provisions of this article.