



NEW YORK STATE SENATOR

John J. Bonacic

Senate Passes Legislation to Help End Abuse by Non-Profits of Tax Exempt Land Laws

JOHN J. BONACIC June 17, 2011

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State Senator John J. Bonacic today announced the passage by the full Senate of legislation (S.2544) to stop land banking by non-profit organizations.

Land banking occurs when tax exempt organizations buy land, take it off the tax rolls, and fail to use it. Sometimes those corporations simply hold the land and sell it for a profit. Land-banking contributes to New York's high property taxes and is a substantial unfunded mandate on communities in the Catskills and Hudson Valley. After debate, the legislation passed with bi-partisan support, by a margin of 40-21.

"There are many non profits who perform important services and use their land actively. This bill is not aimed at them. It is aimed at the abusers. It is aimed at the non- profit corporation that buys land, and then fails to use it. This is the first shot across the bow against the abusers," Senator Bonacic said.

Under current law, if property is held by a tax exempt group and not used, the non-profit corporation must merely show the entity has plans "in good faith" to use the land for an exempt purpose. That can mean decades of non-profit entities holding the land without any actual use of it.

Under the legislation the Senate has passed, the entities would have to prove by clear and convincing evidence – a higher legal standard than normal, their intent to actively use the land. The entities would further have to physically commence the planned improvements associated with that use within five years, and complete the improvements within seven years.

Furthermore, under Senator Bonacic's legislation, if the entity did not meet the required timelines, they would have to pay taxes back to the local governments and schools for the seven year period they were exempted for, and be required to pay taxes prospectively as well.

"Every time land comes off the tax rolls, that tax burden is shifted to homeowners and small businesses. Land banking is a real problem in the Hudson Valley and the Catskills. This legislation, if enacted by the Assembly, would provide relief to property taxpayers across New York State" Senator Bonacic said.

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