

1980 Legislation
Amendments Affecting Organizations Exempt
Under Section 1116(a) (4)

Amateur Sports Competition

Effective July 15, 1980, section 1116(a)(4) of the New York Tax Law was amended to include exemption for those organizations which are organized and operated exclusively to foster national or international amateur sports competition but do not provide, either directly or indirectly, any athletic facilities or equipment.

An organization is considered to be providing athletic facilities or equipment if:

- (1) the organization permits the use of athletic facilities or equipment that it owns;
- (2) the organization pays for or otherwise assumes the cost of athletic facilities or equipment owned by any other person; or
- (3) the organization reimburses amateur athletes for the cost of athletic facilities or equipment.

It should be noted that this amendment is not intended to exempt social clubs or organizations of casual athletes. Only those organizations whose primary purpose is the support and development of amateur athletes for participation in international competition, such as the Olympic and Pan American games, will qualify under this amendment.

Legislative Activities

Section 1116(a)(4) was also amended to allow qualified exempt organizations to have the extent of their legislative activities determined by their legislative expenditures, as provided by section 501(h) of the Internal Revenue Code.

For purposes of sales tax exemption, section 501(h) of the Internal Revenue Code will be applicable only when an organization has first established federal exemption under section 501(c)(3) of the Internal Revenue Code and has complied with all federal requirements in relation to section 501(h).

All other organizations will have the extent of their legislative activities determined by all the related facts and circumstances rather than by the expenditure limitation provided for in section 501(h).