

**New York State Department of Taxation and Finance**  
**Taxpayer Services Division**  
**Technical Services Bureau**

TSB-A-91 (62)S  
Sales Tax  
September 23, 1991

STATE OF NEW YORK

COMMISSIONER OF TAXATION AND FINANCE

ADVISORY OPINION

PETITION NO. S910604B

On June 4, 1991, a Petition for Advisory Opinion was received from Savings Bank Life Insurance Fund, 460 West 34th Street, New York, New York 10001.

The issue raised by Petitioner, Savings Bank Life Insurance Fund, is whether it is an agency, instrumentality or public corporation of the State of New York exempt from the payment of sales and compensating use taxes within the meaning of Section 1116(a)(1) of the Tax Law.

Petitioner was created by an Act of the New York State Legislature (L.1940, c.449, §5, codified at Section 270 of the Banking Law). Petitioner provides technical and administrative services for savings banks located in New York State that sell savings bank life insurance. Petitioner qualified as an exempt organization for Federal tax purposes under Section 501(c)(6) of the Internal Revenue Code. Petitioner's activities and business operations are regulated by the Banking and Insurance Departments of the State of New York.

Chapter 449 of the Laws of 1940 transferred the duties previously performed by a division within the Insurance Department of the State of New York, the Division of Savings Bank Life Insurance, to Petitioner. Petitioner is merely an outgrowth of an agency of the New York State Banking and Insurance Departments. Petitioner was created to continue the existing program of providing low cost life insurance to low and moderate income families who live or work in New York. Petitioner has functioned in this capacity since its inception.

Section 1116(a)(1) of the Tax Law exempts from sales and compensating use tax:

The state of New York, or any of its agencies, instrumentalities, public corporations (including a public corporation created pursuant to agreement or compact with another state or Canada) or political subdivisions where it is the purchaser, user or consumer, or where it is a vendor of services or property of a kind not ordinarily sold by private persons.

Section 270 of the Banking Law provides, in part, as follows:

There shall be in the banking department a body corporate to be known as savings banks life insurance fund with the powers specifically provided in this article and with such other general corporate powers as are necessary or appropriate to the conduct of its business and the conduct of the business of the life insurance departments of the savings and insurance banks.

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Vacancies in office of the fund trustees may be filled by the superintendent with the consent of the governor for the duration of the unexpired term.

Moreover, the State Ethics Commission held in its Advisory Opinion, dated August 16, 1990, that the Petitioner is considered a State agency under Section 73(1)(g) of the Public Officers Law.

Accordingly, pursuant to Section 270 of the Banking Law and Section 73(1)(g) of the Public Officers Law Petitioner is an agency, instrumentality or public corporation of the State of New York and is, therefore, exempt from the payment of sales and compensating use tax pursuant to Section 1116(a)(1) of the Tax Law.

DATED: September 23, 1991

s/PAUL B. COBURN  
Deputy Director  
Taxpayer Services Division

NOTE: The opinions expressed in Advisory Opinions are limited to the facts set forth therein.