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Merry-Go-Round Playhouse, Inc. v. Assessor of City of Auburn

Court of Appeals of New York - November 18, 2014 - N.E.3d - 2014 N.Y. Slip Op. 07928

Non-profit corporation engaged in performing arts commenced proceeding for review of city's determination that two properties used to house staff and actors employed in corporation's seasonal theaters were not tax exempt. The Supreme Court, Cayuga County granted city's motion, treated as one for summary judgment, and denied corporation's cross-motion for summary judgment. Corporation appealed. The Supreme Court, Appellate Division, reversed. City appealed.

The Court of Appeals held that:

- Corporation was organized exclusively for tax exempt purpose, and
- Primary use of apartment buildings was in furtherance of corporation's primary purpose.

Court of Appeals holds that primary use of apartment buildings owned by non-profit corporation engaged in performing arts was in furtherance of corporation's primary purpose of education and promoting moral or mental improvement of area residents, as required for those properties to be granted tax-exempt status. Housing was used to attract talent that would otherwise look elsewhere, living arrangements fostered sense of community, and building residents spent significant portion of their off-hours in furtherance of theater-related pursuits.