

# STATE OF NEW YORK

995--A

2023-2024 Regular Sessions

## IN SENATE

January 9, 2023

Introduced by Sens. HOYLMAN-SIGAL, BRISPORT, CLEARE, KRUEGER, MYRIE, RIVERA, SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the limited liability company law, the tax law, the administrative code of the city of New York, and the executive law, in relation to the disclosure of beneficial owners of limited liability companies

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as  
2 the "LLC transparency act".

3 § 2. Section 102 of the limited liability company law is amended by  
4 adding a new subdivision (ii) to read as follows:

5 (ii) (1) "Beneficial owner" means the same as such term is defined in  
6 31 C.F.R. § 1010.380 (d).

7 (2) "Initial report" means the same as such term is defined in 31  
8 C.F.R. § 1010.380 (b).

9 (3) "Reporting company" means a limited liability company that does  
10 not meet a condition for exemption enumerated in 31 C.F.R. § 1010.380  
11 (c)(2).

12 (4) "Exempt company" means a limited liability company that meets a  
13 condition for exemption enumerated in 31 C.F.R. § 1010.380 (c)(2).

14 (5) For the purposes of this subdivision and for any references to  
15 beneficial owners of any limited liability company, the term "limited  
16 liability company" shall include, where applicable, foreign limited  
17 liability companies and authorized foreign limited liability companies.

18 § 3. Paragraphs 6 and 7 of subdivision (e) of section 203 of the  
19 limited liability company law, as added by chapter 470 of the laws of  
20 1997, are amended to read as follows:

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 (6) if all or specified members are to be liable in their capacity as  
2 members for all or specified debts, obligations or liabilities of the  
3 limited liability company as authorized pursuant to section six hundred  
4 nine of this chapter, a statement that all or specified members are so  
5 liable for such debts, obligations or liabilities in their capacity as  
6 members of the limited liability company as authorized pursuant to  
7 section six hundred nine of this chapter; [~~and~~]

8 (7) in the case of an exempt company, a statement signed by a member  
9 or manager indicating which exemption or exemptions the company claims  
10 against its obligation to file an initial report, or in the case of a  
11 reporting company, an initial report; and

12 (8) any other provisions, not inconsistent with law, that the members  
13 elect to include in the articles [~~of~~] of organization for the regulation  
14 of the internal affairs of the limited liability company, including, but  
15 not limited to, (A) the business purpose for which the limited liability  
16 company is formed, (B) a statement of whether there are limitations on  
17 the authority of members or managers or a class or classes thereof to  
18 bind the limited liability company and (C) any provisions that are  
19 required or permitted to be included in the operating agreement of the  
20 limited liability company pursuant to section four hundred seventeen of  
21 this chapter.

22 § 4. Paragraphs 8, 9, and 10 of subdivision (d) of section 211 of the  
23 limited liability company law, paragraph 10 as added by section 18 of  
24 part KK of chapter 56 of the laws of 2021, are amended and a new para-  
25 graph 11 is added to read as follows:

26 (8) the discovery of a materially false or inaccurate statement in the  
27 articles of organization; [~~and~~]

28 (9) the decision to change any other statement in the articles of  
29 organization[~~+~~];

30 (10) to specify, change or delete the email address to which the  
31 secretary of state shall email a notice of the fact that process against  
32 the limited liability company has been electronically served upon him or  
33 her[~~+~~]; and

34 (11) in the case of a reporting company, a change in the information  
35 required to be included in an initial report or a change to the benefi-  
36 cial owners of such limited liability company or the information  
37 required to be provided relating to each beneficial owner pursuant to  
38 section two hundred three of this article.

39 § 5. The limited liability company law is amended by adding a new  
40 section 215 to read as follows:

41 § 215. Beneficial ownership disclosure. (a) A limited liability  
42 company, when disclosing its beneficial owners, shall identify each  
43 beneficial owner by: (1) full legal name; (2) date of birth; (3) current  
44 residential street address; (4) a unique identifying number and the  
45 issuing jurisdiction from one of the following documents: (i) a non-ex-  
46 pired passport issued to the individual by the United States government;  
47 or, if none, (ii) a non-expired identification document issued to the  
48 individual by a state, local government, or Indian tribe for the purpose  
49 of identifying the individual; or, if none, (iii) a non-expired driver's  
50 license issued to the individual by a state; or, if none, (iv) a non-ex-  
51 pired passport issued by a foreign government to the individual; and (5)  
52 an image of the document from which the unique identifying number in  
53 paragraph four of this subdivision was obtained.

54 (b) A limited liability company, when filing an initial report, a  
55 portion thereof, or any amendment or correction thereto pursuant to  
56 section two hundred three or two hundred eleven of this article, or when

1 disclosing its beneficial owners to the department of state or depart-  
2 ment of taxation and finance, may submit a copy of the report such  
3 company submitted to the federal government pursuant to 31 C.F.R. §  
4 1010.380 in order to satisfy such reporting requirements, provided that  
5 such federal report is current and contains all information required by  
6 state law.

7 (c) The identification and disclosure of the name, business address,  
8 date of birth, and associated limited liability companies of a benefi-  
9 cial owner shall not be deemed an unwarranted invasion of personal  
10 privacy pursuant to article six of the public officers law. All  
11 other personal or identifying information of such beneficial owner  
12 shall be deemed confidential except for the purposes of law  
13 enforcement. If confidential information associated with a beneficial  
14 owner is held electronically, such records shall be encrypted.

15 (d) Any person who: (1) knowingly provides false or fraudulent benefi-  
16 cial ownership information; or (2) willfully fails to provide complete  
17 or updated information shall be guilty of a misdemeanor and liable to  
18 the state for a civil penalty of not more than ten thousand dollars and  
19 shall be prohibited from organizing, forming, registering, or managing  
20 any limited liability company or partnership in the state of New York  
21 for a period not less than one year or greater than five years. The  
22 department of state may withdraw or prohibit the authority of such enti-  
23 ty to do business within the state for at least two years.

24 § 6. Paragraphs 7 and 8 of subdivision (a) of section 802 of the  
25 limited liability company law are amended and a new paragraph 9 is added  
26 to read as follows:

27 (7) a statement that the foreign limited liability company is in  
28 existence in the jurisdiction of its formation at the time of the filing  
29 of such application; [~~and~~]

30 (8) the name and address of the authorized officer in the jurisdiction  
31 of its formation where a copy of its articles of organization is filed  
32 or, if no public filing of its articles of organization is required by  
33 the law of the jurisdiction of formation, a statement that the foreign  
34 limited liability company shall provide, on request, a copy thereof with  
35 all amendments thereto (if such documents are in a foreign language, a  
36 translation in English thereof under oath of the translator shall be  
37 attached thereto), and the name and post office address of the person  
38 responsible for providing such copies[]; and

39 (9) in the case of an exempt company, a statement signed by a member  
40 or manager indicating which exemption or exemptions the company claims  
41 against its obligation to file an initial report, or in the case of a  
42 reporting company, an initial report including a document identifying  
43 the beneficial owners of the foreign limited liability company in  
44 accordance with subdivision (a) of section eight hundred ten of this  
45 article.

46 § 7. Section 804 of the limited liability company law is amended by  
47 adding a new subdivision (c) to read as follows:

48 (c) Every reporting company that has received a filing receipt enti-  
49 tled "Certificate of authority of .... (name of foreign limited  
50 liability company) under section eight hundred five of the Limited  
51 Liability Company Law," evidencing authority as provided herein shall  
52 amend its application for authority upon a change in the information  
53 required to be included in an initial report or a change to the benefi-  
54 cial owners of such limited liability company or the information  
55 required to be provided relating to each beneficial owner pursuant to

1 section eight hundred two of this article within ninety days of  
2 such change.

3 § 8. The limited liability company law is amended by adding a new  
4 section 810 to read as follows:

5 § 810. Beneficial ownership disclosure. (a) A foreign limited liabil-  
6 ity company, when disclosing its beneficial owners, shall identify each  
7 beneficial owner by: (1) full legal name; (2) date of birth; (3)  
8 current residential street address; (4) a unique identifying number and  
9 the issuing jurisdiction from one of the following documents: (i) a  
10 non-expired passport issued to the individual by the United States  
11 government; or, if none, (ii) a non-expired identification document  
12 issued to the individual by a state, local government, or Indian tribe  
13 for the purpose of identifying the individual; or, if none, (iii) a  
14 non-expired driver's license issued to the individual by a state; or, if  
15 none, (iv) a non-expired passport issued by a foreign government to the  
16 individual; and (5) an image of the document from which the unique iden-  
17 tifying number in paragraph four of this subdivision was obtained.

18 (b) A foreign limited liability company, when filing an initial  
19 report, a portion thereof, or any amendment or correction thereto pursu-  
20 ant to this section or section eight hundred four of this article, or  
21 when disclosing its beneficial owners to the department of state or  
22 department of taxation and finance, may submit a copy of the report such  
23 company submitted to the federal government pursuant to 31 C.F.R. §  
24 1010.380 in order to satisfy reporting requirements, provided that such  
25 federal report is current and contains all information required by state  
26 law.

27 (c) The identification and disclosure of the name, business address,  
28 date of birth, and associated limited liability companies of a benefi-  
29 cial owner shall not be deemed an unwarranted invasion of personal  
30 privacy pursuant to article six of the public officers law. All  
31 other personal or identifying information of such beneficial owner  
32 shall be deemed confidential except for the purposes of law  
33 enforcement. If confidential information associated with a beneficial  
34 owner is held electronically, such records shall be encrypted.

35 (d) Any person who: (1) knowingly provides false or fraudulent benefi-  
36 cial ownership information; or (2) willfully fails to provide complete  
37 or updated information shall be guilty of a misdemeanor and liable to  
38 the state for a civil penalty of not more than ten thousand dollars and  
39 shall be prohibited from organizing, forming, registering, or managing  
40 any limited liability company or partnership in the state of New York  
41 for a period not less than one year or greater than five years. The  
42 department of state may withdraw or prohibit the authority of such enti-  
43 ty to transact business within the state of New York for at least two  
44 years.

45 § 9. Paragraph 2 of subdivision (a) of section 1409 of the tax law, as  
46 amended by section 3 of part 0 of chapter 59 of the laws of 2021, is  
47 amended to read as follows:

48 (2) When the grantor or grantee of a deed for a building used as resi-  
49 dential real property [~~containing up to four family dwelling units~~] is a  
50 limited liability company, the joint return shall not be accepted for  
51 filing unless it is accompanied by a document which identifies the  
52 [~~names and business addresses of all members, managers, and any other~~  
53 ~~authorized persons, if any, of such limited liability company and the~~  
54 ~~names and business addresses or, if none, the business addresses of all~~  
55 ~~shareholders, directors, officers, members, managers and partners of any~~  
56 ~~limited liability company or other business entity that are to be the~~

1 ~~members, managers or authorized persons, if any, of such limited liability~~  
2 ~~company. The identification of such names and addresses shall not be~~  
3 ~~deemed an unwarranted invasion of personal privacy pursuant to article~~  
4 ~~six of the public officers law. If any such member, manager or author-~~  
5 ~~ized person of the limited liability company is itself a limited liability~~  
6 ~~company or other business entity other than a publicly traded entity,~~  
7 ~~a REIT, a UPREIT, or a mutual fund, the names and addresses of the~~  
8 ~~shareholders, directors, officers, members, managers and partners of the~~  
9 ~~limited liability company or other business entity shall also be~~  
10 ~~disclosed until full disclosure of ultimate ownership by natural persons~~  
11 ~~is achieved] beneficial owners of such limited liability company in~~  
12 ~~accordance with section two hundred fifteen or eight hundred ten of the~~  
13 ~~limited liability company law, as applicable.~~ For purposes of this  
14 subdivision, the terms [~~"members", "managers", "authorized person",~~  
15 ~~"beneficial owners" and~~ "limited liability company" [~~and "other business~~  
16 ~~entity"~~] shall have the same meaning as those terms are defined in  
17 section one hundred two of the limited liability company law.

18 § 10. Subdivision h of section 11-2105 of the administrative code of  
19 the city of New York, as amended by chapter 555 of the laws of 2022, is  
20 amended to read as follows:

21 h. When the grantor or grantee of a deed for a building used as resi-  
22 dential real property [~~containing up to four family dwelling units~~] is a  
23 limited liability company, the joint return shall not be accepted for  
24 filing unless it is accompanied by a document which identifies the  
25 [~~names and business addresses of all members, managers, and any other~~  
26 ~~authorized persons, if any, of such limited liability company and the~~  
27 ~~names and business addresses or, if none, the business addresses of all~~  
28 ~~shareholders, directors, officers, members, managers and partners of any~~  
29 ~~limited liability company or other business entity that are to be the~~  
30 ~~members, managers or authorized persons, if any, of such limited liability~~  
31 ~~company. The identification of such names and addresses shall not be~~  
32 ~~deemed an unwarranted invasion of personal privacy pursuant to article~~  
33 ~~six of the public officers law. If any such member, manager or author-~~  
34 ~~ized person of the limited liability company is itself a limited liability~~  
35 ~~company or other business entity other than a publicly traded entity,~~  
36 ~~a REIT, an UPREIT, or a mutual fund, the names and addresses of the~~  
37 ~~shareholders, directors, officers, members, managers and partners of the~~  
38 ~~limited liability company or other business entity shall also be~~  
39 ~~disclosed until full disclosure of ultimate ownership by natural persons~~  
40 ~~is achieved] beneficial owners of such limited liability company in~~  
41 ~~accordance with section two hundred fifteen or eight hundred ten of the~~  
42 ~~limited liability company law, as applicable.~~ For purposes of this  
43 subdivision, the terms [~~"members", "managers", "authorized person",~~  
44 ~~"beneficial owners" and~~ "limited liability company" [~~and "other business~~  
45 ~~entity"~~] shall have the same meaning as those terms are defined in  
46 section one hundred two of the limited liability company law.

47 § 11. The tax law is amended by adding a new section 171-x to read as  
48 follows:

49 § 171-x. Information sharing with the department of state regarding  
50 beneficial owners of limited liability companies. Notwithstanding subdi-  
51 vision (a) of section fourteen hundred eighteen of this chapter or any  
52 other law, the commissioner shall release to the department of state  
53 information regarding beneficial owners of limited liability companies  
54 which is reported to the department either on a form issued by the  
55 department or any other method of report to the department. For  
56 purposes of this section, the terms "beneficial owners" and "limited

1 liability company" shall have the same meaning as those terms are  
2 defined in section one hundred two of the limited liability company law.

3 § 12. The executive law is amended by adding a new section 100-b to  
4 read as follows:

5 § 100-b. Corporation and business entity database; information on  
6 beneficial owners. 1. The secretary of state shall assign each benefi-  
7 cial owner of a limited liability company an anonymized unique identify-  
8 ing number and publish such number in relation to any affiliated compa-  
9 nies, in addition to such beneficial owner's name, date of birth, and  
10 business address, in the corporation and business entity database or any  
11 subsequent database which is maintained by the division of corporations  
12 within the department of state. Data associated with every limited  
13 liability company registered to transact business in New York state  
14 shall be published online in a downloadable spreadsheet format at least  
15 once annually, or otherwise in any manner compatible with the require-  
16 ments of executive order ninety-five, dated March eleventh, two thousand  
17 thirteen. Such data shall also include the name, date of birth, business  
18 address, and anonymized unique identifying number of every beneficial  
19 owner of each limited liability company. If a beneficial owner has been  
20 issued a waiver pursuant to subdivision two of this section, only the  
21 anonymized unique identifying number associated with such beneficial  
22 owner shall be published in relation to each affiliated limited liabil-  
23 ity company. For purposes of this section, the terms "beneficial owner"  
24 and "limited liability company" shall have the same meaning as those  
25 terms are defined in section one hundred two of the limited liability  
26 company law.

27 2. The department shall establish, through regulations, procedures to  
28 allow beneficial owners with significant privacy interests to apply for  
29 a waiver to withhold all personal or identifying information from public  
30 disclosure. The issuance of a waiver shall be upon good cause shown and  
31 in the public interest. If a beneficial owner is a natural person  
32 participating in an address confidentiality program or is a member of a  
33 limited liability company acting as a relator in a qui tam action filed  
34 pursuant to section one hundred ninety of the state finance law or 31  
35 U.S.C. section 3729, such beneficial owner shall be presumed to have  
36 good cause and privacy in the public interest. The limited liability  
37 company may submit documentation indicating such status to the depart-  
38 ment, and the department shall provide guidance on its website indicat-  
39 ing what documentation is acceptable as proof of such status or other  
40 good cause for issuance of a waiver. The department shall also provide  
41 notice on its website that beneficial owners not in receipt of such a  
42 waiver may be publicly identified and guidance on its website regarding  
43 compliance with beneficial ownership disclosure requirements.

44 § 13. By January 1, 2025, each reporting company created on or before  
45 the effective date of this act shall file an initial report with the  
46 department of state and each exempt company shall file with the depart-  
47 ment of state a statement signed by a member or manager indicating the  
48 specific exemption or exemptions such exempt company claims against its  
49 obligation to file an initial report.

50 § 14. This act shall take effect on the three hundred sixty-fifth day  
51 after it shall have become a law. Effective immediately, the addition,  
52 amendment and/or repeal of any rule or regulation necessary for the  
53 implementation of this act on its effective date are authorized to be  
54 made and completed on or before such effective date.