STATE OF NEW YORK

10379

IN ASSEMBLY

May 13, 2022

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Gallagher) -- read once and referred to the Committee on Governmental Operations

AN ACT to amend the executive law, in relation to requiring the secretary of state to establish a database of beneficial owners of corporations and certain other business entities

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

Section 1. The executive law is amended by adding a new section 100-b to read as follows:

§ 100-b. Corporation and business entity database; information on beneficial owners. 1. The secretary of state shall assign each beneficial owner of a limited liability company an anonymized unique identifying number and publish such number in relation to any affiliated companies, in addition to such beneficial owner's name, year of birth, and business address, in the corporation and business entity database or any subsequent database which is maintained by the division of corporations within the department of state. Data, including the name, year of birth, business address, and unique identifying number of every beneficial owner of every limited liability company registered to transact business in New York state, shall be published online in a downloadable spreadsheet format at least once annually. The identification and publication of the names, years of birth, and business addresses of beneficial owners shall not be deemed an unwarranted invasion of personal privacy pursuant to article six of the public officers law. The department shall also establish, through regulations, procedures to allow beneficial owners with significant privacy interests to apply for a waiver to withhold their names, years of birth and business addresses from public disclosure pursuant to this or any other law. The issuance of a waiver shall be upon good cause shown and in the public interest, and the department shall determine that the recipient demonstrates minimal risk of money laundering, tax evasion, or other financial crime; provided, however, that a natural person participating in an address confidentiality program or who is the sole member of a limited liability company acting as a relator in a qui tam action filed pursuant to

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

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section one hundred ninety of the state finance law or 31 U.S.C. section 3729 shall be presumed to have good cause and privacy in the public interest. For purposes of this section, the terms "beneficial owners" and "limited liability company" shall have the same meaning as those terms are defined in section one hundred two of the limited liability company law.

2. The secretary of state, in cooperation with the commissioner of taxation and finance and the office of the comptroller, shall issue a report no later than July first, two thousand twenty-five describing: the degree of compliance among limited liability companies with beneficial ownership information reporting and any efforts undertaken to enforce compliance; the efforts to verify beneficial ownership information; recommendations for improvements to existing systems and laws concerning the collection and verification of beneficial ownership information; the effects that beneficial ownership disclosure and reporting requirements for limited liability companies have had on business formation or investment practices, if any, through other legal entities or arrangements; and, the public policy merits and demerits, if any, of expanding beneficial ownership disclosure requirements to other types of corporate or legal entities. The secretary of state shall solicit comments or testimony from the public concerning the matters covered by the report and include a summary of comments received in such report, provided that any submission of comments or testimony is protected against automated or robotic submissions.

3. The secretary of state, in cooperation with the commissioner of the department of taxation and finance, may verify the beneficial ownership information included in returns using beneficial ownership information submitted to the department of state pursuant to section two hundred two or eight hundred two of the limited liability company law in order to identify fraud or suspicious activities and may, at his or her own discretion, refer such fraud to appropriate authorities.

§ 2. This act shall take effect on the ninetieth day after a chapter of the laws of 2022 amending the limited liability company law relating to the disclosure of beneficial owners of limited liability companies, as proposed in legislative bills numbers S. 8439-A and A. 9415-B, takes effect.