

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:

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

3 § 100-b. Corporation and business entity database; information on
4 beneficial owners. 1. The secretary of state shall assign each benefi-
5 cial owner of a limited liability company an anonymized unique identify-
6 ing number and publish such number in relation to any affiliated compa-
7 nies, in addition to such beneficial owner's name, year of birth, and
8 business address, in the corporation and business entity database or any
9 subsequent database which is maintained by the division of corporations
10 within the department of state. Data, including the name, year of
11 birth, business address, and unique identifying number of every benefi-
12 cial owner of every limited liability company registered to transact
13 business in New York state, shall be published online in a downloadable
14 spreadsheet format at least once annually. The identification and
15 publication of the names, years of birth, and business addresses of
16 beneficial owners shall not be deemed an unwarranted invasion of
17 personal privacy pursuant to article six of the public officers law. The
18 department shall also establish, through regulations, procedures to
19 allow beneficial owners with significant privacy interests to apply for
20 a waiver to withhold their names, years of birth and business addresses
21 from public disclosure pursuant to this or any other law. The issuance
22 of a waiver shall be upon good cause shown and in the public interest,
23 and the department shall determine that the recipient demonstrates mini-
24 mal risk of money laundering, tax evasion, or other financial crime;
25 provided, however, that a natural person participating in an address
26 confidentiality program or who is the sole member of a limited liability
27 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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1 section one hundred ninety of the state finance law or 31 U.S.C. section
2 3729 shall be presumed to have good cause and privacy in the public
3 interest. For purposes of this section, the terms "beneficial owners"
4 and "limited liability company" shall have the same meaning as those
5 terms are defined in section one hundred two of the limited liability
6 company law.

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

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

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