



MEMORANDUM OF SUPPORT
S995B (Hoylman-Sigal)/A3484A (Gallagher)
December 15, 2023

Title of Bill

An act to amend the limited liability company law and the executive law, in relation to the disclosure of beneficial owners of limited liability companies.

Summary of Provisions

The LLC Transparency Act expands disclosure requirements for foreign and domestic limited liability companies (LLCs) in New York State. The bill would require all LLCs to include a list of “beneficial owners” (as defined by federal law) when registering with the Department of State or when amending their filings. Existing LLCs would need to disclose their beneficial owners by January 1, 2025. The information about the owners would be identical to the information disclosed to the Treasury Department under federal law. Lastly, the bill would require the Secretary of State to create and maintain a publicly available and searchable database of all LLCs and their beneficial owners. The bill establishes processes for exemptions and waivers from disclosure.

Statement of Support

Citizens Union supports signing S995B/A3484A into law because it would improve good governance in New York by assisting in exposing wrongdoing and corruption, which are often conducted using anonymous shell companies. Using the new public database of LLC owners established in this bill, journalists would be able to identify owners of LLCs in their investigations, tenants could easily discover if their landlord has a history of neglect at other properties, and government agencies would be able to more easily identify conflicts of interest in bids for public contracts. The bill would also make it easier to identify donors to political campaigns. While LLCs are technically required to disclose their owners when making campaign contributions, very few do because of lack of enforcement from the New York State Board of Elections. This bill would create little reporting burdens on LLCs, who must already report their beneficial owners to the U.S. Treasury Department. Over 130 countries have created or are implementing beneficial ownership databases.

Signing this bill into law would improve transparency and help shine light on corruption and wrongdoing within New York.