

S.995-B (Hoylman-Sigal)/A.3484-A (Gallagher)

STAFF CONTACT : P | Executive Vice President | 518.694.4463

BILL S.995-B (Hoylman-Sigal)/A.3484-A (Gallagher)
SUBJECT LLC Beneficial Owner Disclosure
DATE June 06, 2023
OPPOSE

As the leading business organization in New York State representing the interests of large and small firms throughout the state, The Business Council opposes S.995-B (Hoylman-Sigal)/A.3484-A (Gallagher). This bill would jeopardize the privacy and security of thousands of businesses organized as limited liability companies (LLC) by requiring them to disclose personally identifiable and confidential information in a public database.

The sponsors profess that this legislation will “end the practice of anonymous ownership of limited liability companies in New York.” But thousands of small businesses are organized as LLCs and they are active members of New York communities – bookstores, tradespeople, bakeries, auto repair shops, small manufacturers, and local restaurants, to name a few. This bill violates the privacy of law-abiding businesses and exposes them to significant security risks by disclosing personally identifiable and confidential information to the public.

This legislation is mirrored after a new federal law, the Corporate Transparency Act. The bill requires businesses to file additional paperwork with the Department of State (DOS) containing personally identifiable information that would be maintained and managed by DOS. Given the increased frequency of cybersecurity threats and breaches at local, state and federal levels, we are gravely concerned that this information could fall into the wrong hands and compromise the health and livelihood of these businesses.

In a deeply troubling departure from the federal Corporate Transparency Act, this bill creates a public database where the information of businesses organized as LLCs will be available searchable public database. This is an intrusion of privacy on businesses that employ thousands of jobs and support New York’s economy. This database will put business owners at risk. A disgruntled employee could use the information to shame their former employer or over-eager plaintiffs’ attorneys could abuse the database to bring frivolous and unwarranted lawsuits against businesses in the database, furthering contributing to increasing insurance premiums.

This anti-business bill presents significant security and privacy implications. We implore the Legislature to consider the grave impact this bill will have on businesses across New York State. The Business Council opposes adoption of S.995-B (Hoylman-Sigal)/A.3484-A (Gallagher).

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Business Council Headquarters

111 Washington Avenue, Suite 400

Albany, New York 12210

518.465.7511 or 800.358.1202

Business Council Insurance Fund

12 Corporate Woods Blvd., Suite 17

Albany, New York 12211-2390

518.465.1571 or 800.692.5483

Council Finance & Membership

12 Corporate Woods Blvd., Suite 17

Albany, New York 12211-2390

518.465.7511 or 800.358.1202



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