

New York Enacts LLC Transparency Act, Requiring LLCs to Disclose Beneficial Owners

The federal Corporate Transparency Act (CTA) is not the only legislation that will be effective in 2024, requiring the disclosure of beneficial owners. On December 22, 2023, New York's governor, Kathy Hochul, signed the New York LLC Transparency Act (NYLTA), aimed at pursuing unlawful activity, including wage theft, money laundering, and tenant mistreatment.

The NYLTA will become effective at an undetermined date in 2024 upon the passage of a chapter amendment by the New York Legislature. The NYLTA requires disclosure to the New York Department of State of beneficial ownership information (BOI) of any domestic or foreign limited liability company doing business in New York. BOI is required to be disclosed (i) upon filing or amending the LLC's articles of organization or application for authority or (ii) for LLCs organized or qualified in New York before the effective date of the NYLTA, before January 1, 2025.

The BOI required to be provided under the NYLTA is full legal name, date of birth, current business street address, and unique identifying number from an acceptable identification document. Such information will be included in a database accessible only by federal, state, and local government law enforcement across New York State. A prior version of the NYLTA, which would have made BOI public, was modified to delete public availability before the Governor signed the legislation.

The NYLTA is patterned on the CTA in many respects. It uses the same definition of beneficial owners, contains the same 23 exemptions, and permits the disclosure to the New York Department of State of the initial report filed under the CTA.

However, the principal differences between the NYLTA and CTA are as follows:

- i. The NYLTA only applies to limited liability companies formed or doing business in New York; it does not apply to other entities such as corporations or limited partnerships as the CTA does;
- ii. The NYLTA requires that BOI be provided at the same time as the formation or qualification to do business of a New York LLC, while the CTA provides 90 days or 30 days after formation or registration to file the required BOI;
- iii. The NYLTA requires that a New York LLC that qualifies for an exemption under the CTA must certify to the New York Department of State the exemption on which it is relying; the CTA requires no such certification;
- iv. Any LLC not otherwise exempt that has failed to comply with the NYLTA for a period exceeding two years and has not complied after receiving a notice of delinquency will be shown as delinquent on the records of the Department of State. Removal of the delinquency is subject to the filing of up-to-date BOI information and the payment of a civil penalty of \$250.

It is important to remember that the BOI disclosure required under the NYLTA is in addition to and not in place of that required under the CTA, and therefore, LLCs that are not otherwise exempt need to comply with both regulations and file twice.

New York is not the only state that has addressed the disclosure of BOI. California has proposed a similar regulation, and other states might also follow suit.

As noted, the NYLTA is subject to further action of the New York legislature in 2024. Cozen O'Connor will monitor further developments and is available to answer any question on the NYLTA. If you have any questions about this Alert, please contact [Beatrice Bottini](#).



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