



Why Governor Hochul Should Sign the LLC Transparency Act

August 3, 2023

1. Basic fairness and consistency: The true owners of about nine in ten NYC properties already have their identity disclosed in NYC government open data (see table at bottom). The New York State database created by the LLC Transparency Act ([S995-B \(Hoylman-Sigal\)/A3484-A \(Gallagher\)](#)) will be the nation's *first* to publicly disclose LLC beneficial owners.

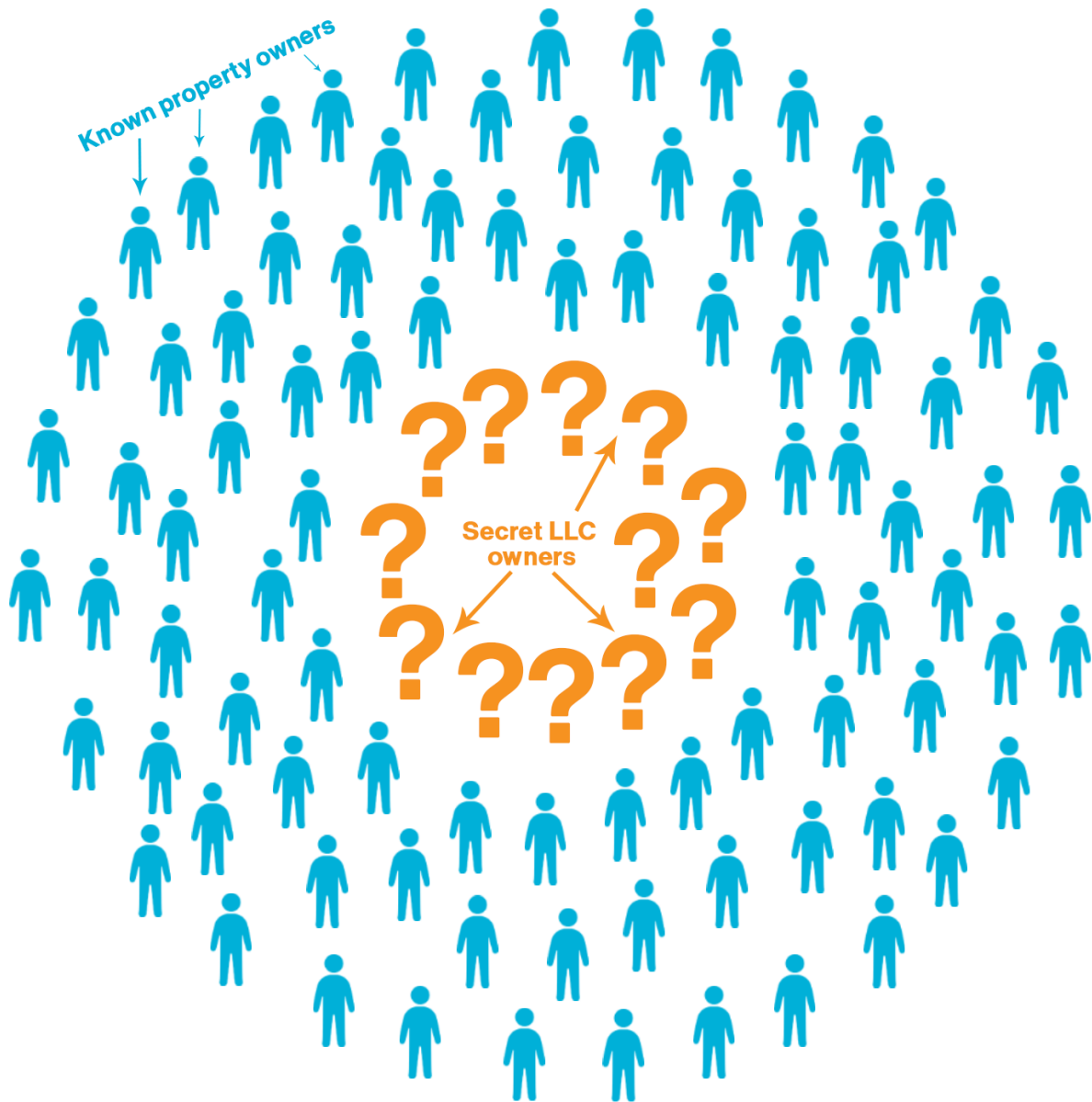
2. No additional reporting burden to businesses: Under the U.S. Corporate Transparency Act, LLCs must [report their beneficial owners](#) to a [database](#) managed by the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) starting in 2024. However, that database will not be public and will be accessible only to law and tax enforcement officials. [The Treasury estimates it will cost an LLC \\$85](#) to prepare and submit their initial Beneficial Owners Information report.

3. Protects renters from abusive landlords: Tenants' rights groups overwhelmingly support the LLC Transparency Act because it publicly discloses the true owners of apartment buildings, and makes it harder for bad landlords to hide behind layers of LLC shell companies. NY State has [the largest share of renters of any state](#).

4. Anti-corruption: [According to the U.S. Treasury](#), disclosing beneficial owners "will strengthen the integrity of the U.S. financial system by making it harder for illicit actors to use shell companies to launder money or hide assets."

- Public integrity and anti-corruption investigators in New York have repeatedly told Reinvent Albany that their enforcement is overwhelmingly driven by public complaints. Thus, New York's public database of the true owners of LLCs is a far more powerful anti-corruption tool than the non-public federal one.
- New York City real estate's role as a "stash pad" for global hot money has been well documented in reporting (see articles below).
- The authoritative [UN/World Bank StAR](#) "Puppet Masters" report says corporate vehicles like LLCs are the one thing major corruption scandals have in common.

NYC Open Data lists 845,000 properties.
88% of true owners are reported.
12% are secret, masked by LLCs.



This data was analyzed in partnership with JustFix.NYC and BetaNYC's Civic Innovation Lab and BetaNYC's Research and Data Assistance Requests (RADAR) help desk service. Learn more at beta.nyc/radar.



NYS LLCs Used to Launder Hot Money

[Puppet Masters](#) (StAR Initiative – World Bank/UN Partnership)

October 24, 2011

*Indeed, nearly **all cases of grand corruption have one thing in common. They rely on corporate vehicles** - legal structures such as companies, foundations and trusts - to conceal ownership and control of tainted assets.*

[U.S. Will Track Secret Buyers of Luxury Real Estate](#) (NY Times)

January 14, 2016

*The use of shell companies in real estate is legal, and L.L.C.s have a range of uses unrelated to secrecy. But a top Treasury official, Jennifer Shasky Calvery, said her agency had seen instances in which **multimillion-dollar homes were being used as safe deposit boxes for ill-gotten gains, in transactions made more opaque by the use of anonymous shell companies.***

[Stash Pad](#) (New York Magazine)

June 27, 2014

*While New York real estate has significant drawbacks as an asset—it's illiquid and costly to manage—it has a major selling point in its relative opacity. With a little creative corporate structuring, **the ownership of a New York property can be made as untraceable as a numbered bank account. And that makes the city an island haven for those who want to stash cash in an increasingly monitored global financial system.***

[Towers of Secrecy: Piercing the Shell Companies](#) (NY Times)

Series of reports on shell companies in real estate

2015-2018

The high-end real estate market has become less and less transparent — and more alluring for those abroad with assets they wish to keep anonymous — even as the United States pushes other nations to help stanch the flow of American money leaving the country to avoid taxes. Yet for all the concerns of law enforcement officials that shell companies can hide illicit gains, regulatory efforts to require more openness from these companies have failed.

**LLC Transparency Act Supported by Unions,
DAs, Watchdogs, Tenants' Rights Groups**

Bricklayers and Allied Craftworkers Local No. 1
Churches United for Fair Housing
Common Cause NY
Community Service Society
Fifth Avenue Committee and Neighbors Helping Neighbors
Financial Accountability and Corporate Transparency (FACT) Coalition
Hotel Trades Council
Housing Justice for All
Housing Rights Initiative
League of Women Voters of New York State
New York District Council of Carpenters
New York State Land Title Association
New York State Regional Conference of the Bricklayers and Allied Craftworkers
North Atlantic States Regional Council of Carpenters
NYPIRG
Office of the New York County District Attorney Alvin Bragg
OpenCorporates
OpenOwnership
Reinvent Albany
Strong Economy For All

NYC Department of Finance Property Tax Systems as of July 25, 2023					
(Data available via NYC Primary Land Use Tax Lot Output (PLUTO) and NYC open data.)					
Borough	Tax Lots	Owner name includes Limited Liability Company (LLC)	Percent LLC Owned	Home Ownership*	
Brooklyn	273,120	43,363	15.90%	30%	
Bronx	87,554	12,688	14.46%	20%	
Manhattan	41,028	15,077	36.76%	24%	
Queens	321,107	26,915	8.40%	45%	
Staten Island	121,842	6,749	5.52%	69%	
Total NYC	844,651	104,792	12.41%		
*Home ownership is per https://www.osc.state.ny.us/reports/homeownership-rates-new-york					