

HOUSE No. 3566

The Commonwealth of Massachusetts

PRESENTED BY:

Erika Uytterhoeven

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to ensure LLC transparency.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Erika Uytterhoeven</i>	<i>27th Middlesex</i>	<i>1/20/2023</i>
<i>Marcus S. Vaughn</i>	<i>9th Norfolk</i>	<i>7/10/2023</i>

HOUSE No. 3566

By Representative Uyterhoeven of Somerville, a petition (accompanied by bill, House, No. 3566) of Erika Uyterhoeven relative to limited liability companies. Economic Development and Emerging Technologies.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act to ensure LLC transparency.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 2 of chapter 156C of the General Laws, as appearing in the 2020
2 Official Edition, is hereby amended by inserting after clause (1) the following clause:-

3 (1½) “Beneficial owner”, a person who, directly or indirectly: (i) holds a membership
4 interest in a limited liability company or foreign limited liability company; (ii) exercises
5 substantial control over the decisions of a membership interest in a limited liability company or
6 foreign limited liability company; or (iii) has been assigned a membership interest in a limited
7 liability company or foreign limited liability company. A beneficial owner shall also include any
8 ultimate beneficial owner regardless of the place of registration of the limited liability company.

9 A beneficial owner shall not include: (i) a minor child; (ii) a person acting as a nominee,
10 intermediary, custodian or agent on behalf of another person; (iii) a person acting solely as an
11 employee of a limited liability company or foreign limited liability company and whose control
12 over or economic benefits from the limited liability company or foreign limited liability

13 company derives solely from the employment status of the person; (iv) a person whose only
14 interest in a limited liability company or foreign limited liability company is through a right of
15 inheritance unless, the person meets the beneficial owner requirements in this chapter; (v) a
16 creditor of a limited liability company or foreign limited liability company unless, the creditor
17 meets the beneficial owner requirements in this subsection; (vi) any person whose member
18 interest in a limited liability company or foreign limited liability company derives solely from
19 their employment by such limited liability company or foreign limited liability company; and
20 (vii) any person whose member interest in a limited liability company or foreign limited liability
21 company derives solely from a limited liability company's certificate of organization in sections
22 12 or 13 or a foreign limited liability company's application for registration in sections 48 or 52.

23 SECTION 2. Subsection (a) of section 12 of said chapter 156C, as so appearing, is hereby
24 amended by adding the following subparagraph:-

25 (10) the disclosure of each beneficial owner of the limited liability company.

26 SECTION 3. Section 13 of said chapter 156C, as so appearing, is hereby amended by
27 adding the following subsection:-

28 (f) A certificate of organization shall be amended to reflect a change in the beneficial
29 owners of a limited liability company or the information required to be provided relating to each
30 beneficial owner.

31 SECTION 4. The second paragraph of section 48 of said chapter 156C, as so appearing,
32 is hereby amended by adding the following subparagraph:-

33 (10) the disclosure of each beneficial owner of the foreign limited liability company.

34 SECTION 5. Said chapter 156C is hereby amended by striking out section 52, as so
35 appearing, and inserting in place thereof the following section:-

36 Section 52. (1) If any statement in the application for registration of a foreign limited
37 liability company was false when made or any arrangements or other facts described have
38 changed, making the application inaccurate in any respect, the foreign limited liability company
39 shall promptly file in the office of the state secretary a certificate, signed and sworn to by an
40 authorized person, correcting or amending such statement.

41 (2) An application for registration shall be amended to reflect a change in the beneficial
42 owners of a foreign limited liability company or the information required to be provided relating
43 to each beneficial owner. The amended application for registration shall be filed with the state
44 secretary within 30 days of the beneficial owner change of the foreign limited liability company.

45 SECTION 6. Said chapter 156C, as so appearing, is hereby amended by adding the
46 following section:-

47 Section 73. (a)(1) A limited liability company shall disclose its beneficial owners to the
48 state secretary. The beneficial owner shall identify each and every entity or person linking such
49 beneficial owner to the limited liability company, including: (i) identifying every intermediary
50 by name and explaining the nature of the legal or economic relationship of the beneficial owner
51 to each such intermediary; and (ii) how each such intermediary is linked to every other
52 intermediary and to the limited liability company. The state secretary may permit or require the
53 beneficial owner to provide a diagram in order to meet the disclosure requirement.

54 (2) Disclosure requirements of this section shall only apply to beneficial owners if: (i)
55 indirect beneficial ownership is exercised through a publicly traded entity, a REIT, a UPREIT or

56 a mutual fund; and (ii) the beneficial owner is holding or controlling 25 per cent or more of the
57 equity in such limited liability company. This subsection shall apply until full disclosure of a
58 beneficial owner by person is achieved.

59 (3) If a beneficial owner indirectly exercises ownership through a trust or similar
60 arrangement which holds or controls, directly or indirectly, 25 per cent or more of the equity in
61 the limited liability company or exercises substantial control over such company, the limited
62 liability company shall identify as a beneficial owner each person serving as:

63 (i) a trustee of the trust, a trust protector or any other individual with authority, directly or
64 indirectly, to dispose of trust income, assets or principal;

65 (ii) a trust beneficiary with the right, directly or indirectly, to receive, demand or
66 withdraw any trust income, assets or principal; and

67 (iii) a grantor or settlor with the right, directly or indirectly, to revoke the trust or to
68 receive, demand or withdraw trust income, assets or principal.

69 (b)(1) A limited liability company, when disclosing its beneficial owners pursuant to
70 sections 12 and 13, shall identify each beneficial owner by: (i) name; (ii) date of birth; (iii) their
71 current residential or business address; (iv) a unique identifying number from a non-expired
72 United States passport or a non-expired driver's license or identification card issued by the
73 commonwealth or another state or a non-expired foreign passport bearing a photograph, date of
74 birth and unique identifying information for the beneficial owner; and (5) a federal or state
75 taxpayer identification number or a legal entity identifier issued by the global legal entity
76 identifier foundation.

77 (2) A limited liability company, when disclosing its beneficial owners to the state
78 secretary, may submit a copy of the beneficial ownership information submitted to the federal
79 government pursuant to 31 U.S.C. §5336 in order to satisfy disclosure requirements; provided,
80 that such federal registration is current and contains all information required under this section.

81 (3) A limited liability company, when disclosing its beneficial owners pursuant to
82 sections 12 and 13, shall identify the total number of properties, if any, each beneficial owner
83 owns in the commonwealth and the city or town each property is located in the commonwealth.

84 (c)(1) A foreign limited liability company, when disclosing its beneficial owners pursuant
85 to sections 48 and 52, shall identify each beneficial owner by: (i) name; (ii) date of birth; (iii)
86 their current residential or business address; (iv) a unique identifying number from a non-expired
87 United States passport or a non-expired driver's license or identification card issued by the
88 commonwealth or another state or a non-expired foreign passport bearing a photograph, date of
89 birth and unique identifying information for the beneficial owner; and (5) a federal or state
90 taxpayer identification number or a legal entity identifier issued by the global legal entity
91 identifier foundation.

92 (2) A foreign limited liability company, when disclosing its beneficial owners to the state
93 secretary, may submit a copy of the beneficial ownership information submitted to the federal
94 government pursuant to 31 U.S.C. §5336 in order to satisfy disclosure requirements, provided
95 that such federal registration is current and contains all information required under this section.

96 (3) A foreign limited liability company, when disclosing its beneficial owners pursuant to
97 sections 12 and 13, shall identify the total number of properties, if any, each beneficial owner
98 owns in the commonwealth and the city or town each property is located in the commonwealth.

99 (d) All disclosed information filed with the state secretary under this section shall be a
100 matter of public record and subject to chapter 66.