

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

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<b>Action:</b>	Do Pass the A-Engrossed Measure and Rescind the Subsequent Referral to the Committee on Ways and Means
<b>Vote:</b>	3 - 1 - 1
<b>Yeas:</b>	George L., Monnes Anderson, Metsger
<b>Nays:</b>	Starr
<b>Exc.:</b>	Deckert
<b>Prepared By:</b>	Janet Adkins, Administrator
<b>Meeting Dates:</b>	5/30

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**WHAT THE MEASURE DOES:** Creates the Task Force on Business Entity Information to investigate and make recommendations regarding the content of ownership information needed from businesses registering in the state. Specifies membership of state and federal agencies and a business representative. Directs the Secretary of State to staff the task force. Requires submission of a report to the Secretary of State and an interim legislative committee dealing with business issues by October 1, 2008. Declares an emergency and takes effect on passage.

**ISSUES DISCUSSED:**

- Formation of limited liability companies
- Duties of Secretary of State relating to corporate formation
- Availability of ownership information about Oregon companies
- Use of limited liability companies to launder proceeds of criminal activity
- Whether federal members are likely to participate
- Concern that requirements for additional information or processing will cost legitimate companies time and money

**EFFECT OF COMMITTEE AMENDMENT:** No amendment

**BACKGROUND:** According to a report of the United States Government Accountability Office, most states do not require ownership information at the time a company is formed, or in the periodic reports filed by most corporations and limited liability companies. Criminals have been known to use “shell” companies – including companies registered in Oregon – to conceal their identities and illicit activities. The business registrants then open a bank account in another country under the name of the Oregon business. Money from illicit activities can then be laundered through the bank account. Because nothing is known about the company owners from the business record information, the activity and the money may be impossible to trace.

House Bill 3182-A would create a Task Force on Business Entity Information, consisting of representatives of the Federal Bureau of Investigation, the Internal Revenue Service, the Department of Homeland Security, the Oregon Department of Revenue, Secretary of State, the Department of Justice, the Department of Consumer and Business Services, the Oregon Bar Association, and a representative of a business entity. The bill would require the task force to investigate and make recommendations about the form and content of beneficial ownership information that the State of Oregon should require from business entities who register in this state.

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*This summary has not been adopted or officially endorsed by action of the committee.*