

House Bill 2353

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Secretary of State Jeanne P. Atkins)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires corporations, incorporators of corporations, limited liability companies and organizers of limited liability companies to file document that declares whether corporation or limited liability company has previously filed or will file tax return or that lists certain identifying information for each of corporation's or limited liability company's beneficial owners.

Specifies circumstances under which and entities to which Secretary of State may disclose information from document.

Becomes operative January 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to information about beneficial owners of Oregon business entities; and prescribing an ef-
3 fective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2017 Act is added to and made a part of ORS chapter 60.**

6 **SECTION 2. (1)(a) As used in this section, "beneficial owner" means an individual who,**
7 **directly or indirectly:**

8 **(A) Exercises substantial control over a corporation; or**

9 **(B) Has a substantial interest in or receives substantial economic benefit from the assets**
10 **of a corporation.**

11 **(b) "Beneficial owner" does not include:**

12 **(A) An individual who is a minor;**

13 **(B) A person that acts solely as a nominee, intermediary, custodian or agent for or on**
14 **behalf of another person that is a beneficial owner;**

15 **(C) An individual who acts solely as an employee of a corporation, for whom control over**
16 **the corporation or substantial interest in or economic benefit from assets of the corporation**
17 **derives solely from the individual's employment with the corporation;**

18 **(D) An individual whose control over a corporation or substantial interest in or economic**
19 **benefit from assets of the corporation derives entirely from inheritance, unless the individual**
20 **otherwise is, acts as or retains the rights of a beneficial owner; or**

21 **(E) A creditor of a corporation, unless the creditor otherwise is, acts as or retains the**
22 **rights of a beneficial owner.**

23 **(2) An incorporator, at the time the incorporator delivers articles of incorporation to the**
24 **Secretary of State under ORS 60.044, or a corporation, at the time the corporation delivers**
25 **the corporation's annual report, shall deliver a written document to the Secretary of State**
26 **for filing, in a form and format and with the contents the Secretary of State specifies by**
27 **rule, that, at a minimum:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (a)(A) Declares under penalty of perjury whether the corporation has previously filed or
 2 will file a tax return with the Department of Revenue; or

3 (B) Lists:

4 (i) For each of the corporation's beneficial owners who is a citizen of the United States,
 5 the beneficial owner's name, street address, driver license number or other official state
 6 identification number and the state that issued the driver license or identification; or

7 (ii) For each of the corporation's beneficial owners who is not a citizen of the United
 8 States, the beneficial owner's name, street address and a true copy of the beneficial owner's
 9 authenticated passport that a foreign government issued and that displays a photograph,
 10 date of birth and additional identifying information; and

11 (b) Updates the list and information described in paragraph (a)(B) of this subsection, in-
 12 dicating specifically how the composition of the list and the information about any of the
 13 corporation's beneficial owners has changed since the incorporator or the corporation last
 14 filed a document under this subsection.

15 (3) This section does not require the Secretary of State to verify the truth or accuracy
 16 of any list or information in any document the Secretary of State receives under this section.

17 (4) The Secretary of State may disclose information from the document described in
 18 subsection (2) of this section only in response to:

19 (a) A civil, criminal or administrative subpoena or equivalent legal process from a federal
 20 or state law enforcement agency that is conducting a criminal investigation; or

21 (b) A written request issued by an agency or political subdivision of this state, another
 22 state or the United States in the course of enforcing a law of a state or the United States.

23 **SECTION 3.** Section 4 of this 2017 Act is added to and made a part of ORS chapter 63.

24 **SECTION 4.** (1)(a) As used in this section, "beneficial owner" means an individual who,
 25 directly or indirectly:

26 (A) Exercises substantial control over a limited liability company; or

27 (B) Has a substantial interest in or receives substantial economic benefit from the assets
 28 of a limited liability company.

29 (b) "Beneficial owner" does not include:

30 (A) An individual who is a minor;

31 (B) A person that acts solely as a nominee, intermediary, custodian or agent for or on
 32 behalf of another person that is a beneficial owner;

33 (C) An individual who acts solely as an employee of a limited liability company, for whom
 34 control over the limited liability company or substantial interest in or economic benefit from
 35 assets of the limited liability company derives solely from the individual's employment with
 36 the limited liability company;

37 (D) An individual whose control over a limited liability company or substantial interest
 38 in or economic benefit from assets of the limited liability company derives entirely from
 39 inheritance, unless the individual otherwise is, acts as or retains the rights of a beneficial
 40 owner; or

41 (E) A creditor of a limited liability company, unless the creditor otherwise is, acts as or
 42 retains the rights of a beneficial owner.

43 (2) An organizer, at the time the organizer delivers articles of organization to the Sec-
 44 retary of State under ORS 63.044, or a limited liability company, at the time the limited li-
 45 ability company delivers the limited liability company's annual report, shall deliver a written

1 document to the Secretary of State for filing, in a form and format and with the contents
2 the Secretary of State specifies by rule, that, at a minimum:

3 (a)(A) Declares under penalty of perjury whether the limited liability company has pre-
4 viously filed or will file a tax return with the Department of Revenue; or

5 (B) Lists:

6 (i) For each of the limited liability company's beneficial owners who is a citizen of the
7 United States, the beneficial owner's name, street address, driver license number or other
8 official state identification number and the state that issued the driver license or identifica-
9 tion; or

10 (ii) For each of the limited liability company's beneficial owners who is not a citizen of
11 the United States, the beneficial owner's name, street address and a true copy of the bene-
12 ficial owner's authenticated passport that a foreign government issued and that displays a
13 photograph, date of birth and additional identifying information; and

14 (b) Updates the list and information described in paragraph (a)(B) of this subsection, in-
15 dicating specifically how the composition of the list and the information about any of the
16 limited liability company's beneficial owners has changed since the organizer or the limited
17 liability company last filed a document under this subsection.

18 (3) This section does not require the Secretary of State to verify the truth or accuracy
19 of any list or information in any document the Secretary of State receives under this section.

20 (4) The Secretary of State may disclose information from the document described in
21 subsection (2) of this section only in response to:

22 (a) A civil, criminal or administrative subpoena or equivalent legal process from a federal
23 or state law enforcement agency that is conducting a criminal investigation; or

24 (b) A written request issued by an agency or political subdivision of this state, another
25 state or the United States in the course of enforcing a law of a state or the United States.

26 **SECTION 5.** (1) Sections 2 and 4 of this 2017 Act become operative on January 1, 2018.

27 (2) The Secretary of State may adopt rules and take any other action before the operative
28 date specified in subsection (1) of this section that is necessary to enable the Secretary of
29 State to exercise, on and after the operative date specified in subsection (1) of this section,
30 all of the duties, functions and powers conferred on the Secretary of State by sections 2 and
31 4 of this 2017 Act.

32 **SECTION 6.** This 2017 Act takes effect on the 91st day after the date on which the 2017
33 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

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