



State Survey on Cost Estimates for Implementing S.569 as of June 30, 2009

After conducting a review of S.569, the Incorporation Transparency and Law Enforcement Assistance Act, NASS asked the states to estimate the financial impact of S.569.

- S.569 would currently impact the information you collect for non-publicly traded corporations and limited liability companies. However, S.569 also requires the federal government to conduct a study within a year of implementation to determine if partnerships, trusts and other legal entities should be included.

_____ How many corporations and LLCs would be impacted in your state?

_____ If the categories expand, how many entities could be impacted?

- S. 569 says that by the October 2012, states that receive Homeland Security grants (we have been told that all states do) would have to implement a system that can collect and store **all** beneficial ownership name and address info for each LLC and non-publicly traded corporation at the time of formation. To catch those that existed prior to October 2012, all LLC's and non-publicly traded corporations would also have to file an annual report listing updated beneficial owner name and address. If your state doesn't require annual reports for these entities, then the entity must file updated beneficial owner info every time there is a change. The state is required to maintain this info for the life of the entity and five years beyond the entity's termination. Any LLC or non-publicly traded company that has any beneficial owners that are not US citizens or lawful permanent residents of the US must have these individuals provide their name, address and passport for verification with a formation agent. This agent must provide a written certification to the state at the time of formation or when updating – whichever is relevant. Whether or not you keep the beneficial ownership information confidential would be an issue for state law. If confidential, then must provide access to law enforcement upon subpoena.

Things to consider when calculating costs:

- Do you have an online filing system for your entity formation process? What would be the costs for re-programming to collect beneficial ownership info? Can you accept attachments to accommodate certification by formation agents of any non-US citizen info re beneficial owners?
- Do you have a paper filing process for entity formation? What would be the costs of redesigning forms and instructions? What would be the costs to expand the paper system to accommodate all beneficial ownership information? Do you have a digitizing process to convert paper to electronic files? What would be the costs to expand this system to account for all the new information being filed?

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- Do you have an online filing system for annual reporting? If you don't require annual reports for these entities, what type of system will you develop to accept updated beneficial ownership info? If you do have annual reporting online, what would be the costs for reprogramming.? Can your online filing system accommodate attachments for certification by formation agents of any non-US citizen info re beneficial owners?
- Do you have a paper filing system for annual reporting? What would be the costs of expanding the paper system to accommodate all beneficial ownership information?
- Does your state law allow for confidential filings? Does your state currently redact certain information from filings? Would your system need to be redesigned to accommodate confidential filings? Would you need to maintain dual systems?
- Would you need to increase staffing to accommodate the changes required by S.569
- What would your public education costs be to inform public about what a beneficial owner is, what companies have to change their filings, when the filings need to be changed, what information needs to be included and penalties for non-compliance? Public education campaign development costs, printing costs, mailing costs?

Total Estimate for Implementing S.569 the Incorporation Transparency and Law Enforcement Assistance Act

	Corporations/LLC's Affected	Entities Affected if Conditions Expand	Implementation Cost Estimate	Ongoing Cost Estimate
California	1,304,550	1,413,281	\$17,500,000	\$4,500,000
Connecticut			\$540,000	\$270,000
Florida	1,228,854	1,263,683	\$1,667,848	\$932,648
Indiana	350,000	350,000	\$150,350	
Kansas	120,000	150,000	\$600,000	\$300,000
Kentucky	110,000	114,500	\$150,00	\$50,000
Montana	123,453	125,304	\$402,000	
Nebraska	74,136	79,733	\$185,260	
Nevada			\$5,000,000-\$6,000,000	\$500,000- \$600,000
North Dakota	28,900	33,177	\$350,000	\$75,000
Pennsylvania	929,409	982,602	\$868,123	
South Dakota	39,653	56,612	\$750,000	
Texas	896,578	1,041,527		
Utah	214,407	330,973	\$230,000	
Washington	300,000	450,000	\$14,925,124	\$452,124
Wyoming	53,777	60,577	\$1,030,984	\$183,600