



NASS Resolution on the Collection of Ownership Information in the Company Formation Process

WHEREAS Congress is considering federal legislation and U.S Treasury Department proposals that would require the office of the Secretaries of State and similar state agencies to collect beneficial ownership information at the time of company formation; and,

WHEREAS these proposals would require that states implement costly administrative procedures for collecting, verifying, and processing ownership information with no guarantee of federal funding, thereby placing an unfunded mandate on financially overburdened states; and,

WHEREAS many state agencies have spent millions of dollars implementing technological improvements to their corporate filing systems in recent years and the current proposals would undo much of this progress through provisions that would involve paper-based over-the-counter transactions; and,

WHEREAS implementing these proposals to collect beneficial ownership information through ministerial state filing offices will not effectively address the financial crime at issue, while burdening states with expensive overhauls of their commercial filing systems and technologies; and,

WHEREAS the Internal Revenue Service of the U.S. Department of Treasury has implemented a revised reporting requirement, SS-4 form, that collects “true owner” or “responsible party” data that is accessible to federal law enforcement authorities; and,

WHEREAS the Internal Revenue Service of the U.S. Department of Treasury has asked individual state offices and the National Association of Secretaries of State (NASS) to assist in promoting Application for Employer Identification Number (EIN) forms, (Form SS-4), and that individual states and NASS have agreed to assist the IRS in the public education and information effort; and

WHEREAS the purpose of the federal legislation and Treasury proposals was to require states to collect company ownership information in order to aid law enforcement in the pursuit of money launderers, terrorist financiers, and tax evaders; and,

THEREFORE the members of NASS believe that since the IRS has a method of collecting comprehensive ownership information, through SS-4 form, and that this data is available to law enforcement authorities, any federal legislation requiring states to collect the same information is unnecessary, costly, and redundant; and,

BE IT FURTHER RESOLVED if federal legislation is pursued, NASS members urge Congress to first conduct a cost study by the General Accountability Office (GAO) to determine the financial impact on states and businesses of that proposed federal legislation. If after the completion the GAO study, Congress moves forward with legislation, NASS members urge language that would clarify that no state would have to implement the law until a dedicated funding source was identified and funds were appropriated to the appropriate state agency.

Adopted this 20th day of July, 2010
in Providence, Rhode Island

EXPIRES: Summer 2015