

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2023-2024 Regular Session

SB 1201 (Durazo)
Version: February 15, 2024
Hearing Date: April 2, 2024
Fiscal: Yes
Urgency: No
AWM

SUBJECT

Beneficial owners

DIGEST

This bill requires corporations, limited liability companies (LLCs), and real estate investment trusts to report information about their beneficial owners, as specified, on periodic reports that those business entities are required to file with the Secretary of State and that are made available to the public

EXECUTIVE SUMMARY

Current law requires certain business entities, including corporations and LLCs, organized under the laws of this state or authorized to transact business in this state to periodically file certain information with the Secretary of State. These filings require only minimal information about an entity's identity (e.g., where it is located, what it does, etc.) and about the people running the business (the identities of CEOs, managers, and the like). The Secretary of State makes the filings public but does not verify the information contained therein.

This bill adds, for corporations, LLCs, and real estate investment trusts operating as unincorporated associations, a requirement that they disclose the names and addresses of their beneficial owners, defined as natural persons who own 25 percent or more of the entity's equity interest or exercise "substantial control" over the corporation, as defined. The beneficial ownership information would be published by the Secretary of State along with the rest of the information in the entity's filings. This bill is identical to the SB 594 (Durazo, 2023), as this Committee passed and amended it last year. SB 594 died in the Senate Appropriations Committee.

At a federal level, Congress recently enacted the Corporate Transparency Act, which requires specified entities, including corporations and LLCs, to provide beneficial ownership information to the U.S. Treasury Department's Financial Crimes

Enforcement Network (FinCEN), with strict confidentiality requirements for the information received. The author and sponsors wish to move beyond the Corporate Transparency Act and give the public information about the actual human beings behind the entities that operate in California. They argue that this bill will be particularly useful for learning the identities of repeat labor violators and the persons buying up real estate for large investment companies under the guise of small local businesses.

This bill is sponsored by Public Advocates and Rise Economy, and is supported by over 100 organizations. This bill is opposed by Building Owners and Managers Association of California, the California Apartment Association, the California Association of Realtors, the California Building Properties Association, the California Chamber of Commerce, the Institute of Real Estate Management, and NAIOP of California. If this Committee passes this bill, it will be heard by the Senate Banking and Financial Institutions Committee.

PROPOSED CHANGES TO THE LAW

Existing state law:

- 1) Establishes the General Corporation Law, which sets forth rules governing domestic and foreign corporations authorized to do business in California. (*See generally* Corp. Code, tit. 1, div. 1, §§ 100 et seq.)
- 2) Requires a corporation incorporated under the laws of this state, or incorporated under the laws of a different jurisdiction and qualified to transact business in this state, to file, within 90 days after the filing of its original articles and annually thereafter, on a form prescribed by the Secretary of State, a statement containing specified information, including:
 - a) The name of the corporation and the Secretary of State's file number.
 - b) The names and complete business or residence address of its incumbent directors.
 - c) The names and complete business or residence addresses of its chief executive officer, secretary, and chief financial officer.
 - d) The street address of its principal executive office, the mailing address (if different from the principal executive office), and, if the principal executive office is not in this state, the street address of its principal business office in this state, if any.
 - e) A statement of the general type of business that constitutes the principal business activity of the corporation.
 - f) The agent of the corporation designated for service of process. (Corp. Code, §§ 1502, 2117.)

- 3) Establishes the California Revised Uniform Limited Liability Company Act, which sets forth rules governing domestic LLCs and foreign LLCs authorized to do business in this state. (Corp. Code, tit. 2.6, art. 1, §§ 17701.01 et seq.)
- 4) Requires every domestic LLC and every foreign LLC registered to transact intrastate business in this state to deliver to the Secretary of State for filing, 90 days after filing its original articles of organization or registering to transact business in this state and biannually thereafter, a statement of information including:
 - a) The LLC's name and file number and, for a foreign LLC, the name under which the foreign LLC is authorized to transact intrastate business in the state and the state or other jurisdiction in which it is organized.
 - b) The name and street address of the agent designated for service of process.
 - c) The street address of the LLC's principal office and, if any, the street address of its principal office in this state.
 - d) The name and complete business or residential addresses (1) of any manager or managers and the chief executive officer, if any, or (2) if no manager has been so elected or appointed, of each member. (Corp. Code, § 17702.09(a).)
- 5) If the statement of information delivered to the Secretary of State under 5) does not contain the information required, the Secretary of State shall promptly return the statement to the reporting LLC for correction. (Corp. Code, § 17702.09(e).)
- 6) Provides statutes governing unincorporated associations. (Corp. Code, tit. 3, pt. 1, §§ 18000 et seq.)
 - a) An unincorporated association is an unincorporated group of two or more persons joined by mutual consent for a common lawful purpose, whether organized for profit or not. (Corp. Code, § 18035(a).)
 - b) Without more, joint tenancies and other specified joint property holdings, marriages, and domestic partnerships do not by themselves establish an unincorporated association. (Corp. Code, § 18035(b), (c).)
 - c) The definition of "unincorporated association" excludes a corporation, a government or governmental subdivision or agency, a partnership or joint venture, an LLC, and labor organizations, as specified. (Corp. Code, § 18055.)
- 7) Permits an unincorporated association to file a statement with the Secretary of State containing either of the following:
 - a) A statement designating the location and complete street address of the unincorporated association's principal office in California; or
 - b) A statement including the information in 8(a) or, if the unincorporated association does not have an office in the state, a mailing address to which the Secretary of State shall send required notices; and designating an agent for the service of process. (Corp. Code, § 18200.)

- 8) Authorizes the Secretary of State to provide the information provided in 8) to any person on request, and authorizes the Secretary of State to accept the resignation of a person named as designated for service of process, as specified. (Corp. Code, §§ 18205, 18201.)

Existing federal law and regulations:

- 1) Establish the Corporate Transparency Act, which requires corporations, LLCs, and other similar entities created under the laws of a state or a foreign country, with certain exceptions, to deliver, within 30 days of their creation and on a biannual basis, a report to FinCEN that:
 - a) Identifies each beneficial owner of the company;
 - b) Provides, for each beneficial owner, their full legal name, date of birth, residential or business street address, and a unique identification number from specified documents (e.g., a passport number or state-issued identification document) or a FinCEN identifier; and
 - c) Includes specified information about the entity, including the jurisdiction under whose laws it is formed and its complete address. (31 U.S.C. § 5336; 31 C.F.R. § 1010.380(a), (b).)
- 2) Require, if there has been a change in any of the information submitted to FinCEN in 1), a reporting entity to submit to FinCEN a report that updates the information within 30 calendar days after the change occurs. (31 U.S.C. § 5336(b); 31 C.F.R. § 1010.380(a)(2).)
- 3) Define, for purposes of 1), “beneficial owner” to mean, with respect to an entity, an individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise (a) exercises substantial control over the entity, or (b) owns or controls not less than 25 percent of the ownership interests of the entity.
 - a) The term excludes a minor child, an individual acting on behalf of another individual or entity, as specified, an individual whose only interest in an entity is through a right of inheritance, and a creditor of an entity, unless the creditor satisfies 2)(a) or 2)(b). (31 U.S.C. § 5336(a)(3).)
 - b) A person exercises “substantial control” over the reporting company if the individual (1) serves as a senior officer for the reporting company, (2) has authority over the appointment or removal of any senior officer or a majority of the board of directors or similar body; (3) directs, determines, or has substantial influence over important decisions made by the reporting company, including the nature and scope of the reporting company’s business or major expenditures or investments; or (4) has any other form of substantial control over the reporting company. Substantial control may be exercised directly or indirectly, including through board representation,

ownership or control of a majority of voting interests, or financial relationships. (31 C.F.R. § 1010.380(d).)

- 4) Provide that the information submitted under 1) shall be confidential and shall not be disclosed unless FinCEN receives a valid request from an authorized entity for an authorized purpose, including law enforcement conducting investigations or a financial institution conducting legally required due diligence activities. Entities receiving information from FinCEN must satisfy specified security and confidentiality requirements as a condition of receiving the information. (31 U.S.C. § 5336(c) & 31 C.F.R. § 1010.955(b)-(d).)
- 5) Establish penalties for violations of 1) and 4) as follows:
 - a) A person who willfully provides false beneficial ownership information or timely update beneficial ownership information shall be liable for a civil penalty of not more than \$500 per day that the violation continues and may be fined not more than \$10,000, imprisoned for not more than two years, or both; these penalties are subject to a safe harbor that allows liability to be avoided if inaccurate information is corrected voluntarily within 90 days of the submission.
 - b) A person who discloses or uses beneficial ownership information without authorization shall be liable for a civil penalty of not more than \$500 per day that the violation continues and shall be fined not more than \$250,000, imprisoned for not more than five years, or both. (31 U.S.C. § 5336(h).)

This bill:

- 1) Requires a domestic corporation, a foreign corporation, a limited liability company, a foreign limited liability company, or a real estate investment trust to include in specified periodic filings with the Secretary of State the name and complete business or residence address of any beneficial owner.
- 2) Defines “beneficial owner,” for purposes of 1), as a natural person for whom, directly or indirectly and through any contract arrangement, understanding, relationship, or otherwise, either of the following applies with respect to the business entity:
 - a) The person exercises substantial control over the entity.
 - b) The person owns 25 percent or more of the equity interest in the entity.
- 3) Defines “substantial control,” for purposes of 2)(a), to have the same meaning as in Section 1010.380 of Title 31 of the Code of Federal Regulations, which is set forth in Item 3)(b) of the “Existing federal law” section.
- 4) Requires a limited liability company or a foreign limited liability company to include in specified periodic filings with the Secretary of State the name and

complete business or residence address of any manager or managers and the chief executive officer, if any, or, if no manager has been elected or appointed, the name and business or residence address of each member.

COMMENTS

1. Author's comment

According to the author:

SB 1201 aims to establish transparency in the ownership of limited liability companies (LLCs) and similar corporations by requiring the disclosure of owners with substantial control over the entity. Existing law allows for the creation of LLCs and corporate entities in order to provide legal protection for assets not owned by the LLC.

However, owners often abuse LLCs to shield not only their assets, but also their identities. The ability for LLCs to abuse the structure to remain anonymous, none of which is necessary to maintain the legal and financial protections of forming an LLC, ends up presenting numerous issues and even enables unscrupulous and in some cases, illegal practices. For instance, deceitful employers can use LLCs to avoid responsibility for underpaying workers and ignoring health and safety regulations. When owners of properties can hide behind a web of LLCs, tenants who have issues with negligent landlords don't know where to turn and local officials don't know whom to hold accountable for code violations.

It can take years for justice departments, labor representatives, and other enforcement entities to connect the dots to show that a single person is responsible for repeated violations, allowing abuses to continue largely unimpeded. Without owner transparency, policymakers, enforcement agencies, and the public lack critical information to make informed policy decisions that are responsive to the changing needs of California's communities and it frustrates attempts to ensure accountability. SB 1201 is a good governance bill that simply requires additional transparency.

2. Background on California business entity law

California, and all other states, offer natural persons (i.e., living human beings) the ability to establish separate legal entities through which to conduct business activities. Corporations and LLCs are two of the most commonly used entity forms and are the primary focus of this bill.¹

¹ This bill also imposes a reporting requirement real estate investment trusts (REITs) organized as unincorporated associations under California law. It appears that REITs are generally formed as

Generally, a person may establish a corporation or LLC under the laws of any state by filing the required paperwork, irrespective of the business's physical location(s) or the state(s) of residence of the business owners. For example, a business that is entirely owned by California residents, has physical locations only in California, and conducts all of its business activities within California may still choose to incorporate its corporation or form its LLC under the laws of a different state.

The Secretary of State requires domestic corporations and LLCs and foreign corporations and LLCs that conduct business in this state to periodically file specified information regarding the entity.² These filings are fairly bare-bones; the required information includes matters including the name and address of the business, the names and business or residence addresses of key personnel, and the general type of business that constitutes the principal business activity of the corporation or LLC.³ Once the Secretary of State has accepted a statement for filing, it is made publicly available through a free online database. The Secretary of State generally does not check the statements for accuracy.

3. The federal Corporate Transparency Act

In early 2021, Congress passed the Corporate Transparency Act (CTA) as part of the National Defense Authorization Act for Fiscal Year 2021.⁴ The CTA establishes, for certain types of corporations, limited liability companies, and other similar entities created in or registered to do business in the United States, a requirement that they report specified beneficial ownership information to FinCEN.⁵ FinCEN is a bureau of U.S. Treasury that collects and analyzes information about financial transactions in order to combat domestic and international money laundering, terrorist financing, and other financial crime.

The beneficial ownership information reported to FinCEN under the CTA is presumptively confidential.⁶ FinCEN may disclose the information only to government authorities and financial institutions, including state and local law enforcement, subject to effective safeguards and control.⁷ Unauthorized disclosure of information collected under the CTA is a felony punishable by up to five years' imprisonment.⁸

corporations, LLCs, or foreign associations (often out-of-state trusts). This analysis thus focuses on corporations and LLCs, but the beneficial owner reporting requirements and definitions would apply to any REIT that operated as an unincorporated association.

² Corp. Code, §§ 1502, 2117, 17702.09.

³ *Id.*, §§ 1502, 2117, 17702.09.

⁴ Pub. Law 116-283, 134 Stat. 4604.

⁵ 31 U.S.C. § 5336(b.)

⁶ *Id.*, § 5336(c).

⁷ *Ibid.*

⁸ 31 U.S.C. § 5336(h).

In enacting the CTA, Congress noted that “most or all States do not require information about the beneficial owners” of these businesses. Congress went on to describe the problematic consequence of such anonymity:

[M]align actors seek to conceal their ownership of corporations, limited liability companies, or other similar entities in the United States to facilitate illicit activity, including money laundering, the financing of terrorism, proliferation financing, serious tax fraud, human and drug trafficking, counterfeiting, piracy, securities fraud, financial fraud, and acts of foreign corruption, harming the national security interests of the United States and allies of the United States.

[M]oney launderers and others involved in commercial activity intentionally conduct transactions through corporate structures in order to evade detection, and may layer such structures, much like Russian nesting “Matryoshka” dolls, across various secretive jurisdictions such that each time an investigator obtains ownership records for a domestic or foreign entity, the newly identified entity is yet another corporate entity, necessitating a repeat of the same process.⁹

Congress also acknowledged that beneficial ownership information is sensitive information; in addition to prohibiting its disclosure except for narrow purposes, FinCEN is required to store the information “using information security methods and techniques that are appropriate to protect nonclassified information systems at the highest security level.”¹⁰ FinCEN’s administrative rules setting forth the limited number of entities that may access beneficial ownership information, and the limited purposes for which it may be accessed, took effect in February of this year.¹¹ Consistent with the CTA, the rules generally limit disclosure to law enforcement and intelligence agencies conducting investigations or intelligence operations, or to banks to perform due diligence functions.¹² The rules also impose strict confidentiality requirements on entities who receive beneficial ownership information from FinCEN.¹³

⁹ Pub. L. 116-283 134 Stat. 4604, title LXIV, § 6402.

¹⁰ *Id.*, § 6402(7).

¹¹ 31 C.F.R. § 1010.955; 88 Fed.Reg. 88732-88813 (Dec. 22, 2023).

¹² 31 C.F.R. § 1010.955.

¹³ *Id.*, § 1010.955(d).

4. This bill requires corporations and LLCs doing business in California to disclose the names and addresses of their beneficial owners, as defined, in specified filings with the Secretary of State

While the CTA makes beneficial ownership information reported to FinCEN confidential except in narrow circumstances, the author and sponsors contend that certain beneficial ownership information should be made publicly available. To that end, this bill requires any corporation or LLC that conducts business in California to disclose the name and business or residence address of its beneficial owners, as defined, to the Secretary of State; the disclosed information would be made publicly available by the Secretary of State, including on its business entity search website.

The persons defined as “beneficial owners” of a corporation or an LLC under this bill would include:

- Any natural person who exercises substantial control over a corporation or LLC; “substantial control” is defined by incorporating the definition of “substantial control” added in the regulations implementing the CTA.
- Any natural person who owns 25 percent or more of the equity interest of a corporation or LLC.

5. Implementation concerns

As discussed last year in the analysis of SB 594, the most significant implementation challenge to this bill is the Secretary of State’s Office’s inability to perform any sort of verification of the beneficial owner information submitted in entities annual or biannual filings. The Secretary of State does not currently take steps to verify information submitted in entity filings, nor is it expected to; entity filings are received and processed as an administrative matter. This bill does not create any new obligation for the Secretary of State to investigate whether beneficial owner information filed by an entity is accurate; even if the bill did create such an obligation, it is unclear how the Secretary of State would be able to determine whether information was accurate or not. Without mechanisms to ensure the adequacy and completeness of the beneficial ownership information provided by the filing entity, there is significant risk of the information being incorrect and misleading. In particular, to the extent that this bill is targeted at bad actors who use legal entity structures to evade legal liability, it seems unlikely that they will willingly disclose their identities to the public. Accordingly, it is unclear whether the beneficial ownership information required to be disclosed by this bill will significantly benefit the public.

6. Privacy concerns

The author and sponsors are clear that this measure is intended to prevent persons from abusing the system through the anonymity of entities. For example, as the California Housing Partnership writes:

The Limited Liability Company (LLC) legal structure can be used to shield owners' identities. Compounding the issue, many LLCs are owned in the name of another LLC, creating additional layers of anonymity. This makes it difficult for tenants, the public, and governmental agencies to know who the beneficial owner of a property truly is and hold that person accountable.

If implemented correctly, this bill would make it easier to identify the natural persons pulling entities' puppet strings. There is little question that having such information readily available would be a boon when, e.g., determining whether a repeat labor-law violator has opened a new factory under a new entity name. Of course, as discussed above, because the Secretary of State does not verify the entity information submitted, this benefit would inure only if the bad actor decided to disclose their underlying identity.

This bill does not apply only to companies owned by profligate law-breakers, of course. This bill eliminates the right of a person to keep their identity private while exercising substantial control of a business. As a policy matter, the Legislature can decide that operating privately does more harm than good, and that the public has an interest in knowing who is behind each entity that overrides the interest in privacy. It is worth noting, however, that this bill paints with a broad brush: all corporations and LLCs will be required to disclose this information. Thus, while capturing the people behind the real estate companies (assuming they comply), this bill also captures the people behind every other company.

7. Legal concerns

First, there is some question whether California's system of collecting and publishing beneficial ownership information is preempted by the federal CTA. There is no preemption clause in the CTA,¹⁴ so the question is whether existing federal laws so occupy the field as to render any state legislation in this space improper, or whether the state's law creates a conflict with an existing federal scheme.¹⁵ In determining whether Congress intended to preempt state law in a particular area, " 'the purpose of Congress is the ultimate touchstone in every pre-emption case.' "¹⁶

At this stage, there is no clear indication that Congress intended to occupy the field of beneficial ownership reporting; the Securities and Exchange Commission, for example, requires beneficial owners of equity securities, as specified, to disclose their status as such.¹⁷

¹⁴ 31 U.S.C. § 5336.

¹⁵ See *Hughes v. Talen Energy Marketing, LLC* (2016) 578 U.S. 150, 162-163.

¹⁶ *Id.* at p. 163.

¹⁷ 17 C.F.R. § 240.13-d-1.

There may be a harder question, however, as to whether this bill would impede the implementation of the CTA. The CTA guarantees confidentiality of beneficial ownership information unless and until law enforcement or an investigating civil agency has the need for it.¹⁸ Congress may have adjudged that this guarantee was necessary to ensure proper compliance. It is possible that, if California requires beneficial ownership information to be published, companies will be less willing to be forthright under both the state and federal scheme. To be clear, this is by no means an open-and-shut preemption case, but the possibility of reduced compliance does raise it as a possibility.

Second, the purpose of this bill might be thwarted by the “internal affairs doctrine.” “The internal affairs doctrine is a conflict of laws principle which recognizes that only one State should have the authority to regulate a corporation’s internal affairs – matters particular to the relationships among or between the corporation and its current officers, directors, and shareholders – because otherwise a corporation could be faced with conflicting demands.”¹⁹ The theory is that “it would be impractical to have matters which involve a corporation’s organic structure or internal administration governed by different laws.”²⁰

Here, if a beneficial owner added an out-of-state corporate entity between itself and the corporate entity doing business in California, it is unclear whether the state would have a right to that beneficial owner’s information. In such a case, the internal affairs doctrine suggests that the state could demand information from an out-of-state entity (say, a Nevada LLC that owns a California LLC); but unless Nevada requires its own LLCs to disclose its beneficial owners, California law cannot reach into the Nevada LLC and demand information that Nevada law does not.

If a court applied the internal affairs doctrine to this law, this would presumably create a two-tiered system of disclosure: large, wealthy entities would be able to block disclosure through an added layer of corporate protection, while smaller businesses without the resources to form an out-of-state business would be covered by the bill. The internal affairs doctrine could thus affect whether the bill can be effectively implemented and who will be able to maintain their privacy.

8. Arguments in support

According a coalition of the sponsors and 97 other organizations:

The ability to abuse LLCs to maintain anonymity enables unscrupulous and, in some cases, illegal practices. For instance, layers of anonymous LLCs are widespread among employers that skirt worker protection laws. These

¹⁸ 31 U.S.C. § 5336(c).

¹⁹ *Edgar v. MITE Corp.* (1982) 457 U.S. 624, 645.

²⁰ *Friese v. Superior Court* (2005) 134 Cal.App.4th 693, 707 (internal quotation marks and ellipses omitted).

employers use LLCs to avoid responsibility for underpaying workers, violating meal and rest break rules, and ignoring occupational health and safety regulations. By the time a business is found responsible for violations, the owners have dissolved the LLC and created a new one, leaving nobody to pay back wages or address safety issues. In addition, the lack of owner transparency makes it harder to remedy substandard housing. Property owners hide behind LLCs to avoid accountability, leaving tenants living in unsafe conditions. It can take years for enforcement entities to connect the dots to show that a single person is responsible for repeated violations across multiple LLCs, allowing abuses to continue largely unimpeded.

The use of anonymous LLCs also hides the extent to which California's housing stock is increasingly concentrated in the hands of large corporations. These sophisticated entities use numerous LLCs to create the impression that they are small "mom and pop" investors when in fact they own hundreds, if not thousands, of units. They aggressively outbid families and true small landlords, crowding out first-time homebuyers and limiting wealth-building opportunities in many California communities.

9. Arguments in opposition

According to the coalition of opponents:

There is no rational reason to mandate disclosure of a "beneficial owner(s)." Corporations and limited liability companies already file with the federal government and with Secretary of State an extensive amount of information. Those filings provide everything that the general public needs to know about the entity in order to send notices or file lawsuits against them. The bill appears to be a veiled attempt to provide contact information for owners already legally reporting and doing business in the state without any rational reason given as to how this information is valuable to the public.

At a time when California is grappling with an enormous budget deficit, SB 1201 will cost the state additional dollars to update the filing requirements mandated by the bill. Notably, last year's equivalent bill (SB 594) had estimated general fund costs of approximately \$9 million in the first year of implementation, with ongoing costs of around \$3 million in subsequent years for necessary staff positions. Considering today's economic climate, this would not be a prudent use of state funds.

SUPPORT

Public Advocates (co-sponsor)

Rise Economy (co-sponsor)

AFSCME CA

Alliance of Californians for Community Empowerment

Anti-Eviction Mapping Project

ASIAN, Inc.

BASTA, Inc.

Bay Area Community Land Trust

Bay Area Legal Aid

Beverly-Vermont Community Land Trust

CA Community Land Trust Network

California Coalition for Worker Power

California Community Economic Development Association

California Continuing Care Residents Association

California Democratic Renters Council

California Employment Lawyers Association

California Housing Partnership

California Immigrant Policy Center

California Labor Federation

California Latinas for Reproductive Justice

California Rural Legal Assistance Foundation

Californians for Safety and Justice

Canal Alliance

Center for Community Advocacy

Centro Legal de la Raza

Climate First: Replacing Oil & Gas (CFROG)

Coalition for Economic Survival

Community Financial Resources

Community Legal Services in East Palo Alto

Congregations Organized for Prophetic Engagement (COPE)

Consumer Advocates Against Reverse Mortgage Abuse (CAARMA)

Consumers for Auto Reliability and Safety

Contra Costa Senior Legal Services

Courage California

Disability Rights Education and Defense Fund

East Bay Housing Organizations

East LA Community Corporation

Esperanza Community Housing

Fair Housing Advocates of Northern California

Fair Housing Council of Orange County

Fair Housing Council of the San Fernando Valley

Faith in Action Bay Area

Faith in the Valley

Family Violence Appellate Project

First Unitarian Church of Los Angeles

Greater Napa Valley Fair Housing Center

Haven Services Inc. dba Haven Neighborhood Services
Housing and Economic Rights Advocates (HERA)
Housing Equity & Advocacy Resource Team
Housing Land Trust of the North Bay
Housing Now!
Housing Rights Committee of San Francisco
Human Impact Partners
ICA Fund
Inclusive Action for the City
Inland Equity Community Land Trust
Inner City Law Center
K3 Tenant Council
KIWA
LA Forward
Legal Aid at Work
Legal Aid Foundation of Los Angeles
Legal Aid of Marin
Legal Aid of Sonoma County
Logan Heights CDC
Los Angeles Alliance for a New Economy
Low Income Investment Fund (LIIF)
LTSC Community Development Corporation
Microenterprise Collaborative of Inland Southern California
Montebello Housing Development Corporation
Monterey County Renters United
Mt. Tam Community Land Trust
Multicultural Real Estate Alliance for Urban Change
National Council of Jewish Women Los Angeles
National Housing Law Project
National Resources Defense Council
Neighborhood Housing Services of Los Angeles County
PICO California
Pomona United for Stable Housing (PUSH)
Power CA Action
PowerSwitch Action
Public Council
Public Interest Law Project
Renaissance Entrepreneurship Center
Sacramento Environmental Justice Coalition
Sacramento Tenants Union
San Francisco Community Land Trust
Santa Clara County Wage Theft Coalition
Social Justice Learning Institute
Sonoma County Tenants Union

Strategic Actions for a Just Economy (SAJE)
TechEquity Collaborative
T.R.U.S.T. South LA
Tenants Together
Tenderloin Housing Clinic
The Central Valley Urban Institute
The Children's Partnership
The Sidewalk Project
Transparency International U.S.
UNITE HERE! Local 11
United Food and Commercial Workers (UFCW) Western States Council
Uplift San Bernardino at the Making Hope Happen Foundation
Urban Habitat
Ventura County Community Development Corporation
Western Center on Law and Poverty
Working Partnerships USA
Worksafe

OPPOSITION

Building Owners and Managers Association of California
California Apartment Association
California Association of Realtors
California Building Properties Association
California Chamber of Commerce
Institute of Real Estate Management
NAIOP of California

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

SB 738 (Hurtado, 2023) establishes the Corporate Transparency Act, which requires foreign corporations and foreign LLCs to disclose certain information with respect to any beneficial owner, as specified. SB 738 died in the Senate Banking and Financial Institutions Committee.

SB 594 (Durazo, 2023) was identical to this bill when it passed out of this Committee as amended. SB 594 died in the Senate Appropriations Committee.

AB 889 (Gipson, 2021) would have required landlords who hold rental property in the name of a corporation or limited liability company to report the identity of the

beneficial owners of the property to the California Secretary of State. AB 889 failed passage in the Senate Judiciary Committee.

AB 3075 (Gonzalez, Ch. 357, Stats. 2020) required, beginning January 1, 2024, that LLCs and other business entities disclose whether key members have any outstanding final judgments issued by the Division of Labor Standards Enforcement or a court of law, for which no appeal therefrom is pending, for the violation of any wage order or provision of the Labor Code.
