



July 30, 2025

The Honorable Kathy Hochul
Governor of New York State
New York State Capitol
Albany, NY 12224

RE: S.8432 (Hoylman-Sigal)/A.8662 (Gallagher) Veto Request

Dear Governor Hochul,

On behalf of our organizations representing tens of thousands of businesses across New York State, we respectfully urge you to veto S.8432 (Hoylman-Sigal)/A.8662 (Gallagher), which would require small businesses organized as Limited Liability Companies (LLCs) to disclose confidential and personally identifiable information to the New York State Department of State (DOS). If signed into law, the legislation will undoubtedly place an additional regulatory and cost burden on small businesses, at a time when they are facing increasing economic uncertainty and excessive costs. It will lead to greater confusion, hefty fines, and business suspensions, and will make New York a less competitive place to do business.

This legislation decouples New York's LLC Transparency Act from the Corporate Transparency Act (CTA). While the sponsors allege this bill is a technical fix, it is not; it is a massive new mandate for businesses on Main Street, and considerable new authority for the state to regulate LLCs. The impact of the bill will be most acutely felt by small businesses, not larger enterprises or even small C-corps, who will be required to file additional paperwork and disclose certain personal information to DOS.

New York's LLC disclosure legislation as amended was directly tied to the definitions of the Federal Corporate Transparency Act (CTA), as well as the reporting paperwork and processes adopted by the U.S. Financial Crimes Enforcement Network (FinCEN) as a mechanism to ease compliance concerns raised by the business community. As the federal government now only requires foreign LLCs to disclose beneficial ownership information, this legislation will now apply a unique and unfair burden on New York's small businesses. Now that U.S.-based LLC's no longer need to file with FinCEN, small businesses in New York can no longer refile their FinCEN paperwork with DOS; they will be starting from nothing.

Aside from the financial and human resource strain on the state to implement this law, this legislation places an additional cost burden on New York's small entrepreneurs. The estimated nationwide cost to comply with the federal CTA before it was limited to foreign LLCs was a staggering \$22.7 billion in the first year alone, with compliance costs being \$5.6 billion per year thereafter.¹ Total compliance costs would have reached \$73 billion over 10 years. With a narrower scope of the CTA, New York State businesses, or businesses registered with DOS as a foreign LLC, are now solely on the hook for their share of these compliance costs. Undoubtedly, small business owners across the country that are doing business in New York or domiciled here will need to hire lawyers and consultants to ensure compliance, while their competitors located in other states or not doing business in New York do not have these same expensive compliance burdens.

Furthermore, the DOS database where this information will be stored is yet another platform vulnerable to cybersecurity threats and identity theft. State government is not immune to cybersecurity risks or data breaches and this information could easily be obtained for nefarious reasons, as evidenced by several recent instances of security breaches at the local, state, and federal levels. The National Association of Secretaries of State (NASS) recognizes the risky nature of this database. The association recently updated

¹ DEPARTMENT OF THE TREASURY, Financial Crimes Enforcement Network, Beneficial Ownership Information Reporting Requirements. Federal Register, Vol. 87, No. 189, September 30, 2022. [2022-21020.pdf](#)

a resolution proclaiming that the association opposes this type of mandate “due to costly procedures” and a “confusing layer of bureaucratic red tape.”²”

With the focus only on changes to the federal CTA and its limitations on foreign LLCs, there is going to be significant confusion about New York’s new pop-up LLC Disclosure statute. In 2024, before changes to the implementation of the CTA, 83 percent of small business owners did not know about the CTA or the filing requirements. Now, with domestic small businesses no longer needing to file with FinCEN, this requirement has been quickly forgotten, if ever even recognized at all. The conflicting policies will result in significant confusion, and it is guaranteed that small businesses will ignore or disregard any beneficial ownership disclosure requirements altogether. Small businesses are not expecting unique state-based regulations, assuring a high rate of non-compliance, resulting in business suspension or significant fines levied against Main Street businesses.

Further, this legislation was introduced late in session in the Assembly, and only gained a sponsor in the State Senate in the final two calendar days of the Senate session. Despite years of runway for the federal CTA to take effect, this statute has created a completely new obligation on businesses which will take effect in less than 5 months for newly formed LLCs. If signed, it will have become law without the benefit of a statewide hearing or other mechanism to gather information on how this change will affect the business climate.

New York State does not need another mandate, especially one that lacks credible justification. This legislation poses significant risks for small business owners, both in the lack of data security of their personal information, and in the likelihood of significant penalties for non-compliance.

The Empire State is already a difficult place to do business and continues to lag the country in economic growth. Legislation such as this worsens the state’s business environment, especially for the very fabric of our economy and communities, small businesses.

For the above-mentioned reasons, our organizations respectfully request a veto of this legislation.

Sincerely,

American Council of Engineering Companies (ACEC) New York
Associated Builders and Contractors, Empire State Chapter (ABCNYS)
Associated General Contractors of New York State (AGCNYS)
Brooklyn Chamber of Commerce

² “Resolution on Beneficial Ownership Database.” National Association of Secretaries of State (NASS), 2020. [nass-resolution-beneficial-ownership-summer2020.pdf](https://www.nass.org/sites/default/files/2020-06/nass-resolution-beneficial-ownership-summer2020.pdf).

Buffalo Niagara Partnership
Business Council of New York (BCNYS)
Business Council of Westchester
Capital Region Chamber
Commercial Industrial Brokers Society of Long Island (CIBS-LI)
Empire State Forest Products Association (ESFPA)
Empire State Restaurant & Tavern Association
Fulton County Center for Regional Growth
Greater Binghamton Chamber of Commerce
Greater Rochester Chamber of Commerce
Hudson Valley Economic Development Corporation
Hudson Valley Property Owners Association (HVPOA)
Lewis County Chamber of Commerce
Manhattan Chamber of Commerce
Manufacturers Association of Central New York (MACNY)
National Federation of Independent Business (NFIB)
New York Association of Convenience Stores (NYACS)
New York Construction Materials Association
New York State Association of REALTORS (NYSAR)
New York State Builders Association (NYSBA)
New York State Economic Development Council (NYSEDC)
New York Hospitality and Tourism Association (NYSHTA)
New York State Restaurant Association (NYSRA)
North Country Chamber of Commerce
Northeastern Retail Lumber Association (NRLA)
Orange County Chamber of Commerce
Queens Chamber of Commerce
Real Estate Board of New York (REBNY)
Small Property Owners of New York (SPONY)
Staten Island Chamber of Commerce
The Building Owners & Managers Association of Greater New York (BOMA New York)
The Long Island Association (LIA)
Think Dutchess Alliance for Business
Trucking Association of New York
Upstate United
Visions Federal Credit Union
Western New York Property Owners Association

CC: Karen Persichilli Keogh, Secretary to the Governor
Kathryn Garcia, Director of State Operations
Brian Mahanna, Counsel to the Governor
Jessica Cherry, Deputy Counsel to the Governor