

SENATE BILL 954

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4lr2196

By: **Senator Sydnor**

Introduced and read first time: February 2, 2024

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations and Associations – Transparency – Beneficial Ownership**

3 FOR the purpose of requiring certain business entities to file with the State Department of
4 Assessments and Taxation a report including certain information regarding
5 beneficial owners of the entities; prohibiting the inspection of reports filed under this
6 Act; and generally relating to beneficial owners.

7 BY adding to

8 Article – Corporations and Associations

9 Section 1–210

10 Annotated Code of Maryland

11 (2014 Replacement Volume and 2023 Supplement)

12 BY adding to

13 Article – General Provisions

14 Section 4–327.1

15 Annotated Code of Maryland

16 (2019 Replacement Volume and 2023 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
18 That the Laws of Maryland read as follows:

19 **Article – Corporations and Associations**

20 **1–210.**

21 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
22 **INDICATED.**

23 **(2) “ACCEPTABLE IDENTIFICATION DOCUMENT” MEANS:**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (I) A VALID UNITED STATES PASSPORT;

2 (II) A VALID IDENTIFICATION DOCUMENT ISSUED BY A STATE,
3 LOCAL GOVERNMENT, OR INDIAN TRIBE;

4 (III) A VALID DRIVER'S LICENSE ISSUED BY A STATE; OR

5 (IV) IF AN INDIVIDUAL DOES NOT HAVE A DOCUMENT LISTED IN
6 ITEM (I), (II), OR (III) OF THIS PARAGRAPH, A VALID PASSPORT ISSUED BY A FOREIGN
7 GOVERNMENT.

8 (3) "APPLICANT" MEANS AN INDIVIDUAL WHO FILES WITH THE
9 DEPARTMENT ANY DOCUMENT CAUSING A REPORTING ENTITY TO BE FORMED.

10 (4) (I) "BENEFICIAL OWNER" MEANS AN INDIVIDUAL WHO,
11 THROUGH ANY CONTRACT, ARRANGEMENT, UNDERSTANDING, RELATIONSHIP, OR
12 OTHER MEANS:

13 1. EXERCISES SUBSTANTIAL CONTROL OVER A
14 REPORTING ENTITY; OR

15 2. OWNS OR CONTROLS AT LEAST 25% OF THE
16 OWNERSHIP INTEREST OF A REPORTING ENTITY.

17 (II) "BENEFICIAL OWNER" DOES NOT INCLUDE:

18 1. AN INDIVIDUAL ACTING AS A NOMINEE, AN
19 INTERMEDIARY, A CUSTODIAN, OR AN AGENT ON BEHALF OF A BENEFICIAL OWNER;

20 2. AN INDIVIDUAL ACTING SOLELY AS AN EMPLOYEE OF
21 A REPORTING ENTITY AND WHOSE CONTROL OVER OR ECONOMIC BENEFITS FROM
22 THE REPORTING ENTITY ARE DERIVED SOLELY FROM THE EMPLOYMENT STATUS OF
23 THE INDIVIDUAL;

24 3. AN INDIVIDUAL WHOSE ONLY INTEREST IN A
25 REPORTING ENTITY IS THROUGH A RIGHT OF INHERITANCE; OR

26 4. A CREDITOR OF A REPORTING ENTITY.

27 (5) (I) "REPORTING ENTITY" MEANS AN ENTITY CREATED BY THE
28 FILING OF ANY DOCUMENT WITH THE DEPARTMENT.

1 **(II) “REPORTING ENTITY” DOES NOT INCLUDE A BANKING**
2 **INSTITUTION, AS DEFINED IN § 1-101 OF THE FINANCIAL INSTITUTIONS ARTICLE.**

3 **(B) (1) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, EACH**
4 **REPORTING ENTITY SHALL FILE WITH THE DEPARTMENT A REPORT CONTAINING,**
5 **FOR EACH APPLICANT AND OWNER OF THE REPORTING ENTITY:**

6 **(I) THE FULL LEGAL NAME;**

7 **(II) A CURRENT RESIDENTIAL OR BUSINESS ADDRESS; AND**

8 **(III) AN ACCEPTABLE IDENTIFICATION DOCUMENT.**

9 **(2) A REPORTING ENTITY SHALL FILE THE REPORT REQUIRED BY**
10 **THIS SUBSECTION WITHIN 30 DAYS AFTER THE FILING OF DOCUMENTS WITH THE**
11 **DEPARTMENT THAT CAUSED THE REPORTING ENTITY TO BE FORMED.**

12 **(3) IF THE INFORMATION REQUIRED UNDER PARAGRAPH (1) OF THIS**
13 **SUBSECTION CHANGES, THE REPORTING ENTITY SHALL FILE AN AMENDED REPORT**
14 **WITH THE DEPARTMENT WITHIN 30 DAYS AFTER THE CHANGE.**

15 **(4) IF A BENEFICIAL OWNER OF A REPORTING ENTITY IS A MINOR,**
16 **THE REPORTING ENTITY:**

17 **(I) MAY NOT INCLUDE IN THE REPORT INFORMATION**
18 **REGARDING THE MINOR; BUT**

19 **(II) SHALL INCLUDE THE INFORMATION REQUIRED UNDER**
20 **SUBSECTION (B)(1) OF THIS SECTION FOR A PARENT OR GUARDIAN OF THE MINOR.**

21 **(C) (1) A PERSON MAY NOT KNOWINGLY FAIL TO SUBMIT A REPORT**
22 **REQUIRED BY THIS SECTION.**

23 **(2) A PERSON MAY NOT CAUSE TO BE FILED A REPORT UNDER THIS**
24 **SECTION THAT THE PERSON KNOWS CONTAINS FALSE INFORMATION.**

25 **(3) THE DEPARTMENT MAY IMPOSE A CIVIL PENALTY FOR A**
26 **VIOLATION OF THIS SUBSECTION OF \$500 FOR EACH DAY THE VIOLATION**
27 **CONTINUES.**

28 **(D) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS**
29 **SECTION.**

1 **Article – General Provisions**2 **4-327.1.**

3 **(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A**
4 **CUSTODIAN SHALL DENY INSPECTION OF A REPORT FILED WITH THE STATE**
5 **DEPARTMENT OF ASSESSMENTS AND TAXATION UNDER § 1-210 OF THE**
6 **CORPORATIONS AND ASSOCIATIONS ARTICLE.**

7 **(B) A CUSTODIAN SHALL ALLOW INSPECTION BY A UNIT OF STATE**
8 **GOVERNMENT IN THE PERFORMANCE OF THE UNIT'S OFFICIAL DUTIES.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That a reporting entity formed
10 before the effective date of this Act shall file the report required by § 1-210 of the
11 Corporations and Associations Article, as enacted by Section 1 of this Act, on or before
12 October 1, 2025.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2024.