

REPORT #764

TAX SECTION

New York State Bar Association

Letter on Limited Liability

Table of Contents

Cover Letter:i

TAX SECTION

New York State Bar Association

OFFICERS

PETER C. CANELLOS
Chair
299 Park Avenue
New York City 10171
212/371-9200

MICHAEL L. SCHLER
First Vice-Chair
299 Park Avenue
New York City 10171
212/371-9200

CAROLYN JOY LEE ICHEL
Second Vice-Chair
Worldwide Plaza
825 Eighth Avenue
New York City 10019
212/474-1588

RICHARD L. REINHOLD
Secretary
80 Pine Street
New York, N.Y. 10005
212/701-3672

COMMITTEE CHAIRS**Bankruptcy**

Stuart J. Golding, New York City
Dennis E. Ross, New York City

Compliance and Penalties

Robert S. Fink, New York City
Arnold Y. Kapiloff, New York City

Consolidated Returns

Patrick C. Gallagher, New York City
Irving Salem, New York City

Continuing Legal Education

Thomas V. Glynn, New York City
Victor F. Keen, Phila Pa

Corporations

Yaron Z. Reich, New York City
Steven C. Todrys, New York City

Estate and Trusts

Kim E. Baptiste, New York City
Steven M. Loeb, New York City

Financial Instruments

Jodi J. Schwartz, New York City
Esta E. Stecher, New York City

Financial Intermediaries

Richard C. Blake, New York City
Bruce Kayle, New York City

Foreign Activities of U.S. Taxpayers

Cynthia G. Beerbower, New York City
Philip R. West, New York City

Income from Real Property

William B. Brannan, New York City
Michelle P. Scott, Newark, NJ

Individuals

Deborah Schenk, New York City
Sherry S. Kraus, Rochester

Net Operating Losses

Kenneth H. Heitner, New York City
Robert A. Jacobs, New York City

New York City Tax Matters

Robert J. Levinsohn, New York City
Robert Plautz, New York City

New York State Tax Matters

Robert E. Brown, Rochester
James A. Locke, Buffalo

Nonqualified Employee Benefits

Stephen T. Lindo, New York City
Loran T. Thompson, New York City

Partnerships

Stephen L. Millman, New York City
Joel Scharfstein, New York City

Pass-Through Entities

Roger J. Bronstein, New York City
Thomas A. Humphreys, New York City

Practice and Procedure

Richard J. Bronstein, New York City
Stuart E. Seigel, New York City

Qualified Plans

Stuart N. Alperin, New York City
Kenneth C. Edgar, Jr., New York City

Reorganizations

Andrew N. Berg, New York City
Richard M. Leder, New York City

Sales, Property and Miscellaneous

E. Parker Brown, II, Syracuse
Paul R. Comeau, Buffalo

State and Local

Arthur R. Rosen, New York City
Sterling L. Weaver, Rochester

Tax Accounting Matters

Elliot Pisem, New York City
Mary Kate Wold, New York City

Tax Exempt Bonds

Linda D'Onofrio, New York City
Patti T. Wu, New York City

Tax Exempt Entities

Harvey P. Dale, New York City
Franklin L. Green, New York City

Tax Policy

Reuven Avi-Yonah, New York City
Robert H. Scarborough, New York City

Tax Preferences and AMT

Katherine M. Bristol, New York City
Stephen B. Land, New York City

U.S. Activities of Foreign Taxpayers

Michael Hirschfeld, New York City
Kenneth R. Silbergleit, New York City

MEMBERS-AT-LARGE OF EXECUTIVE COMMITTEE

M. Bernard Aidinoff
Anne L. Alstott
Harold R. Handler

David P. Hariton
Charles I. Kingson
Edward D. Kleinbard

Richard O. Loengard, Jr.
Charles M. Morgan, III
Ronald A. Pearlman

Mikel M. Rollyson
Matthew A. Rosen
Stanley I. Rubenfeld

Dana Trier
Eugene L. Vogel
David E. Watts

June 21, 1993

Honorable Mario M. Cuomo
Governor of the State of New York
Executive Chamber
Albany, New York 12224

Re: Limited Liability Companies

Dear Governor Cuomo:

The Limited Liability Company (or "LLC") is an important business vehicle that should be recognized by New York as soon as possible. Since last summer our Task Force has been working with your Departments of Budget and Taxation and Finance to analyze the effects of LLC legislation in New York, and to consider various forms of LLC-related revenue raising. The Task Force testified at Senator Daly's hearings last December, and in January issued an extensive Outline of its work. We also have commented on various tax proposals currently under discussion in your administration and in the legislature, and enclose a copy of our most recent comments.

We urge the prompt passage of LLC legislation. We recognize that there are revenue considerations. However, having devoted an entire year to the discussion and debate of various aspects of the revenue question, the time has now come to take action. It would be an

FORMER CHAIRMEN OF SECTION

Howard O. Colgan
Charles L. Kades
Carter T. Louthan
Samuel Brodsky
Thomas C. Plowden-Wardlaw
Edwin M. Jones
Hon. Hugh R. Jones
Peter Miller

John W. Fager
John E. Morrissey Jr.
Charles E. Heming
Richard H. Appert
Ralph O. Winger
Hewitt A. Conway
Martin D. Ginsburg
Peter L. Faber

Hon. Renato Beghe
Alfred D. Youngwood
Gordon D. Henderson
David Sachs
J. Roger Mentz
Willard B. Taylor
Richard J. Hiegel
Dale S. Collinson

Richard G. Cohen
Donald Schapiro
Herbert L. Camp
William L. Burke
Arthur A. Feder
James M. Peaslee
John A. Corry

unfortunate setback for New York if this legislative session expires without enacting an LLC bill.

Very truly yours,

Peter C. Canellos
Chair

cc: Honorable David N. Dinkins
Mayor of the City of New York
City Hall
New York, New York 10007

Honorable Ralph J. Marino
Majority Leader and Temporary
President
New York State Senate
Room 330, State Capitol
Albany, New York 12224

Honorable Manfred Ohrenstein
Minority Leader
New York State Senate
907 Legislative Office Building
Albany, New York 12248

Honorable Saul Weprin
Speaker
New York State Assembly
932 Legislative Office Building
Albany, New York 12248

Honorable Clarence D. Rappleyea, Jr.
Minority Leader
New York State Assembly
933 Legislative Office Building
Albany, New York 12248

Honorable John B. Daly
New York State Senate
Room 413, State Capitol
Albany, New York 12247

Honorable G. Oliver Koppell
New York State Assembly
831 Legislative Office Building
Albany, New York 12248

Mr. Patrick J. Bulgaro
Director
New York State Division
of the Budget
Room 113, State Capitol
Albany, New York 12224

Honorable Vincent Tese
Commissioner
New York State Department of
Economic Development
1515 Broadway, 52nd Floor
New York, New York 10036

Honorable James W. Wetzler
Commissioner
New York State Department of
Taxation and Finance
Building 9, State Campus
Albany, New York 12227-1215

Honorable Carol O'Cleireacain
Commissioner
New York City Department of Finance
One Centre Street
Room 500
New York, New York 10007