

September 3, 2024

The Honorable Mike Johnson
Speaker, U.S. House of Representatives
H-232, The Capitol

Dear Speaker Johnson,

The undersigned organizations, representing millions of small businesses, write in strong support of H.R. 9278, legislation which would delay the Corporate Transparency Act's (CTA) year-end compliance deadline. This bill provides a commonsense, bipartisan solution to an impending regulatory disaster which, left unaddressed, will threaten countless small business owners and employees with steep fines and even jail time.

The CTA mandates that companies disclose and regularly update detailed beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN). It subjects covered entities and their "beneficial owners" to vague and complex reporting requirements while putting their sensitive personal information at risk. Failure to comply can result in fines of over \$590 per day, as well as felony charges and up to two years imprisonment.

The CTA is unique in that it explicitly targets the very companies least equipped to shoulder its regulatory burdens. Among its various exemptions, the statute includes a carve out for entities whose revenue exceeds \$5 million and which employ more than 20 full-time employees. Companies not meeting those thresholds – essentially every small business currently operating in America today – must comply. FinCEN estimates that more than 32 million such entities will be affected by the new law just this year, with an additional 6 million each subsequent year as new businesses are formed.

Although filing under the CTA began at the start of this year, FinCEN reports it has received just 10 percent of required submissions. This compliance rate can be attributed directly to the general lack of awareness among the small business community when it comes to the new rules. Given this massive education gap, it is clear additional time is needed for regulators and other stakeholders to continue their outreach to affected small businesses.

Recent activity in the courts have only added to the confusion. Earlier this year, the District Court for the Northern District of Alabama found the CTA exceeded the Constitution's enumerated powers and is unconstitutional. That case was appealed and will be heard by an appellate court next month. In the meantime, however, FinCEN continues to enforce the CTA against small businesses not named in the lawsuit. This effectively creates two classes of small businesses – the roughly 60,000 who are exempt and the tens of millions who must still comply.

A delay of the year-end filing deadline is also in line with Congressional intent. In enacting the CTA, lawmakers explicitly called for a reporting deadline of "not later than 2 years after the effective date of the regulations" for existing entities. This timeframe was designed to give

affected entities sufficient time to learn of, understand and comply with the new reporting regime, while minimizing the burdens on reporting companies. Acting unilaterally, FinCEN instead promulgated a one-year deadline, an unrealistically short window with which to educate America's small business community.

The one-year delay proposed by Congressman Zach Nunn addresses these challenges, has bipartisan support, and is in keeping with legislation (H.R. 5119) which passed the House in a near-unanimous vote just last year. We therefore urge you to bring H.R. 9278 to the House floor for a vote and are eager to work with you to see this critical measure enacted.

Sincerely,

Agricultural Retailers Association
AICC, The Independent Packaging Association
Air Conditioning Contractors of America
American Building Materials Alliance
American Council of Engineering Companies
American Council of Independent Laboratories
American Dental Association
American Farm Bureau Federation
American Financial Services Association
American Foundry Society
American Hotel & Lodging Association
American Lighting Association
American Pipeline Contractors Association
American Rental Association
American Subcontractors Association
American Supply Association
American Veterinary Medical Association
AmericanHort
America's SBDC
Associated Builders and Contractors
Associated Equipment Distributors
Associated General Contractors of America
Brick Industry Association
Ceramic Tile Distributors Association
Coalition of Franchisee Associations
Colorado Cattlemen's Association
Community Associations Institute
Community Associations Institute
Construction Industry Round Table
Design-Build Institute of America
Distribution Contractors Association
Education Market Association
Energy Marketers of America
Family Business Coalition

FCA International
Finseca
Foodservice Equipment Distributors Association
Forest Resources Association
Franchise Business Services
GAWDA
Global Cold Chain Alliance
Hardwood Federation
Hearth, Patio & Barbecue Association
Heating, Air-conditioning, & Refrigeration Distributors International
ICSC
Independent Bakers Association
Independent Electrical Contractors
Indiana Beef Cattle Association
Industrial Fasteners Institute
International Franchise Association
International Housewares Association
International Sign Association
Irrigation Association
ISSA, The Worldwide Cleaning Industry Association
Kansas Livestock Association
Leading Builders of America
Main Street Employers Coalition
Manufactured Housing Institute
Manufacturer & Business Association
Marine Retailers Association of the Americas
Metals Service Center Institute
Michigan Farm Bureau
Nareit
National Apartment Association
National Association of Convenience Stores
National Association of Electrical Distributors
National Association of Home Builders
National Association of Insurance and Financial Advisors (NAIFA)
National Association of Sporting Goods Wholesalers
National Association of Wholesaler-Distributors
National Automatic Merchandising Association
National Beer Wholesalers Association
National Cattlemen's Beef Association
National Community Pharmacists Association
National Cotton Council
National Council of Agricultural Employers
National Electrical Contractors Association (NECA)
National Electrical Manufacturers Representatives Association (NEMRA)
National Fastener Distributors Association
National Franchise Association

National Funeral Directors Association
National Grange
National Lumber & Building Material Dealers Association
National Marine Distributors Association
National Multifamily Housing Council
National Onion Association
National Propane Gas Association
National Ready Mixed Concrete Association
National Restaurant Association
National Roofing Contractors Association
National RV Dealers Association (RVDA)
National Small Business Association
National Tooling and Machining Association
National Utility Contractors Association
National Wooden Pallet & Container Association
New Mexico Farm & Livestock Bureau
North American Association of Food Equipment Manufacturers (NAFEM)
North American Equipment Dealers Association
NYS Agribusiness Association
Ohio Farm Bureau Federation
Oregon Cattlemen's Association
Outdoor Power Equipment and Engine Service Association
PEI- Petroleum Equipment Institute
Pellet Fuels Institute
Pennsylvania Farm Bureau
Pennsylvania Utility Contractors Association
Performance Racing Industry (PRI)
Plastics Pipe Institute
Plumbing-Heating-Cooling Contractors--National Association
Power & Communication Contractors Association
Precision Machined Products Association
Precision Metalforming Association
PRINTING United Alliance
Private Investor Coalition
Professional Beauty Association
Refrigerated Foods Association
Retail Bakers of America
Rocky Mountain Agribusiness Association
S Corporation Association
Service Station Dealers of America and Allied Trades
Small Business & Entrepreneurship Council
Small Business Legislative Council (SBLC)
Society of Collision Repair Specialists (SCRS)
South Dakota Trust Association
Southeastern Lumber Manufacturers Association
Specialty Equipment Market Association (SEMA)

Subchapter S Bank Association
Texas Farm Bureau
Textile Care Allied Trades Association
The Association for Hose and Accessories Distribution
The Fertilizer Institute
The Ohio Council of Retail Merchants
The Real Estate Roundtable
The Transportation Alliance
The Wholesale Florist and Florist Supplier Association
Tile Roofing Industry Alliance
Tire Industry Association
Truck Renting and Leasing Association
U.S. Chamber of Commerce
US Rice Producers Association
USA Rice
Virginia Cattlemen's Association
Virginia Farm Bureau
WASDA - Water and Sewer Distributors of America
Wholesale Florist & Floral Supplier Association
Wood Industry Association
Workplace Solutions Association
Wyoming Farm Bureau Federation
Wyoming Stock Growers Association