

April 29, 2024

The Honorable Tommy Tuberville
United States Senate
455 Russell Senate Office Building
Washington, DC 20510

The Honorable Warren Davidson
United States House of Representatives
2113 Rayburn House Office Building
Washington, DC 20515

Dear Senator Tuberville and Congressman Davidson:

The undersigned organizations, representing millions of small businesses, strongly support legislation to repeal the Corporate Transparency Act (CTA). Your bill, appropriately entitled the Repealing Big Brother Overreach Act, would put an end to this poorly constructed and onerous reporting regime.

The CTA was designed to help law enforcement prevent money laundering by requiring shell companies to report information regarding their beneficial owners (BOI) to the Department of the Treasury. The law, however, defines a shell company as any legal entity with 20 or fewer employees or \$5 million or less in revenues – in other words, every small business in the United States.

The concept of beneficial owner is broadly defined as well, and includes owners, senior management, members of the board and any employee or outside consultant exerting significant control over the businesses' operations.

Covered entities must report and regularly update the personal information of their “beneficial owners” to the Treasury Department’s Financial Crimes Enforcement Network (FinCEN) or face significant fines and jail time.

As a result of this broad sweep, FinCEN expects to collect over 32 million submissions just this year, with an additional five million annual submissions thereafter. Multiply 32 million by the number of beneficial owners per entity, and it becomes apparent that the CTA reporting regime is likely the biggest data collection regime in the history of the federal government outside of the tax code.

Despite its unprecedented scope, we expect the CTA to be of little practical use to law enforcement, as criminals are unlikely to accurately self-report their information to FinCEN. Meanwhile, because the CTA targets entities with low revenues and few employees, the brunt of its reporting burden and excessive penalties will be shouldered by law-abiding, Main Street businesses.

Last month, the District Court for the Northern District of Alabama ruled the CTA exceeded the Constitution’s enumerated powers and was therefore unconstitutional, but the resulting injunction applies to the plaintiffs only – members of the National Small Business Association. As a subsequent notice from FinCEN made clear, all other covered entities are still required to file their BOI reports by the end of the year.

Your legislation would put an end to this remarkable overreach by repealing the CTA in its entirety. It would end this unnecessary reporting regime before it gets started and give Congress the opportunity to craft a better approach that balances our national security needs with the interests and rights of law-abiding small business owners.

The undersigned organizations are grateful for your efforts and strongly support this legislation.

Sincerely,

AICC, The Independent Packaging Association
Air Conditioning Contractors of America
AmericanHort
American Building Materials Alliance
American Council of Engineering Companies
American Council of Independent Laboratories
American Farm Bureau Federation®
American Financial Services Association
American Foundry Society
American Lighting Association
American Rental Association
American Subcontractors Association
American Supply Association
Associated Builders and Contractors
Associated Equipment Distributors
Associated General Contractors of America
Automotive Service Association
Ceramic Tile Distributors Association
Coalition of Franchisee Associations
Community Associations Institute
Education Market Association
Energy Marketers of America
Family Business Coalition
Florida Cattlemen's Association
Foodservice Equipment Distributors Association
Franchise Business Services
GAWDA
Georgia Agribusiness Council
Global Cold Chain Alliance
Hardwood Federation
Heating, Air-conditioning, & Refrigeration Distributors International
ICSC
Independent Bakers Association
Industrial Fasteners Institute
International Franchise Association
International Housewares Association
International Sign Association
Irrigation Association
Kansas Farm Bureau
Main Street Employers Coalition
Manufactured Housing Institute
Manufacturer & Business Association
Marine Retailers Association of the Americas
Metals Service Center Institute
MHEDA
Michigan Farm Bureau

NAMA - National Automatic Merchandising Association
National Apartment Association
National Association of Convenience Stores
National Association of Electrical Distributors
National Association of Wholesaler-Distributors
National Cattlemen's Beef Association
National Community Pharmacists Association (NCPA)
National Cotton Council
NATIONAL ELECTRICAL MANUFACTURERS REPRESENTATIVES ASSOCIATION®
National Federation of Independent Business (NFIB)
National Franchisee Association
National Lumber & Building Material Dealers Association
National Marine Distributors Association
National Onion Association
National Peach Council
National Ready Mixed Concrete Association
National Roofing Contractors Association
National RV Dealers Assoc. (RVDA)
National Small Business Association
National Stone, Sand & Gravel Association
National Tooling and Machining Association
National Wooden Pallet & Container Association
North American Association of Food Equipment Manufacturers (NAFEM)
Ohio Farm Bureau
Oregon Cattlemen's Association
Outdoor Power Equipment and Engine Service Association
Pennsylvania Farm Bureau
Petroleum Equipment Institute (PEI)
Plumbing-Heating-Cooling Contractors--National Association
Precision Machined Products Association
Precision Metalforming Association
Recycled Materials Association
Reserve Organization of America
S Corporation Association
Small Business & Entrepreneurship Council
Small Business Legislative Council (SBLC)
Society of Collision Repair Specialists (SCRS)
South Dakota Trust Association
Specialty Equipment Market Association (SEMA)
Spray Polyurethane Foam Alliance
Subchapter S Bank Association
Texas Farm Bureau
Textile Care Allied Trades Act
The Association for Hose and Accessories Distribution
The Real Estate Roundtable
The Transportation Alliance
Tile Roofing Industry Alliance
Tire Industry Association

USA Rice
Wholesale Florist & Floral Supplier Association
Wisconsin Grocers Association
Workplace Solutions Association
World Millwork Alliance
WV Cattlemen's Association
Wyoming Farm Bureau Federation
Wyoming Stock Growers Association