

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 Federation of Independent Business

National Franchisee 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