

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  
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 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  
Wisconsin Grocers Association

Workplace Solutions Association  
World Millwork Alliance  
WV Cattlemen's Association  
Wyoming Farm Bureau Federation  
Wyoming Stock Growers Association