

September 12, 2023

The Honorable Patrick McHenry
Chairman, Committee on Financial Services
U.S. House of Representatives
Washington, DC 20510

Dear Chairman McHenry:

The undersigned organizations, representing millions of small businesses operating in every community across the country, write in strong support of the Protecting Small Business Information Act of 2023 (H.R. 4035). By delaying the Corporate Transparency Act's (CTA) reporting requirements from taking effect until a robust regulatory framework is put into place, your legislation will help ensure affected businesses are not subjected to an overly burdensome and unpredictable compliance regime.

The CTA was enacted in 2020 with the stated goal of combatting money laundering, terrorist financing, and other illicit activities. The statute requires the submission of regular reports to the federal government that include a litany of sensitive personal identifiers of the owners and senior employees and/or advisors of covered entities.

The first challenge is the CTA applies only to businesses with under \$5 million in annual revenues and fewer than 20 employees, thus ensuring that the very companies who can least afford the costs associated with compliance are the ones being targeted. The Treasury Department estimates the CTA will cover over 32 million existing entities and an additional 5 million newly-created entities every year. These companies and other legal entities will be subjected to increased paperwork, privacy risks, and potentially devastating fines and prison terms.

The second challenge is the Treasury Department's Financial Crimes Enforcement Network (FinCEN) is ill-prepared to implement and administer the new reporting regime. As your recent letter to Secretary Janet Yellen made clear, FinCEN has yet to lay out a clear plan for engaging affected businesses to convey their upcoming responsibilities. The agency is also woefully behind in promulgating the key rules necessary to implement the CTA. Despite a looming effective date of January 1, 2024, federal regulators have yet to finalize the "Access Rule," which specifies who can access the database and for what purposes, as well as an updated "Customer Due Diligence Rule" which applies to financial institutions.

Your legislation offers a commonsense solution to this pending regulatory trainwreck. By delaying the reporting requirements from taking effect until Treasury finalizes its rulemaking process, the Protecting Small Business Information Act would provide tens of millions of law-abiding Americans the certainty they need to comply with the new statute, as well as giving Congress more time to rethink this whole approach.

The undersigned organizations strongly support this legislation and call on Congress to enact it.

Sincerely,

Agricultural Retailers Association
AICC, The Independent Packaging Association
Air Conditioning Contractors of America (ACCA)
American Bakers Association
American Building Materials Alliance
American Council of Engineering Companies
American Foundry Society
American Hotel & Lodging Association
American Rental Association
American Subcontractors Association
American Supply Association
Associated Builders and Contractors
Associated Equipment Distributors
Brick Industry Association
Foodservice Equipment Distributors Association
Forest Resources Association
Forging Industry Association
GAWDA
Global Cold Chain Alliance
Hardwood Federation
Hearth, Patio & Barbecue Association
Heating, Air-conditioning, & Refrigeration Distributors International
ICSC
Independent Bakers Association
Independent Electrical Contractors
Industrial Fasteners Institute
Institute Of Scrap Recycling Industries
International Housewares Association
Main Street Employers Coalition
Manufactured Housing Institute
Manufacturer & Business Association
Material Handling Equipment Distributors Association
National Apartment Association
National Association of Electrical Distributors
National Association of Manufacturers
National Association of Professional Insurance Agents
National Association of Wholesaler-Distributors
National Community Pharmacists Association
NATIONAL ELECTRICAL MANUFACTURERS REPRESENTATIVES ASSOCIATION®
(NEMRA)
National Federation of Independent Business (NFIB)
National Lumber & Building Material Dealers Association
National Marine Distributors Association
National Ready Mixed Concrete Association
National Roofing Contractors Association

National Stone, Sand and Gravel Association
National Tooling and Machining Association
National Waste & Recycling Association
North American Association of Food Equipment Manufacturers (NAFEM)
North American Die Casting Association
North American Equipment Dealers Association
Oregon Cattlemen's Association
Outdoor Power Equipment and Engine Service Association
Pennsylvania Farm Bureau
Pet Industry Distributors Association
Petroleum Equipment Institute (PEI)
Plumbing-Heating-Cooling Contractors--National Association
Precision Machined Products Association
Precision Metalforming Association
Private Investor Coalition
Professional Beauty Association
Retail Bakers of America
S Corporation Association
Service Station Dealers of America and Allied Trades
Small Business & Entrepreneurship Council
Society of Collision Repair Specialists (SCRS)
Specialty Equipment Market Association (SEMA)
Subchapter S Bank Association
Textile Care Allied Trade Association
The Association for Hose and Accessories Distribution
The Real Estate Roundtable
The Transportation Alliance
Tile Roofing Industry Alliance
Tire Industry Association
Truck Renting and Leasing Association
West Virginia Cattlemen's Association
Wholesale Florist & Florist Supplier Association
Wisconsin Grocers Association
Wood Machinery Manufacturers of America
Workplace Solutions Association
World Millwork Alliance