

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  
Associated General Contractors of America  
Brick Industry Association  
Community Associations Institute  
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  
Nareit  
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)  
South Dakota Trust Association  
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