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November 30, 2023

The Honorable Chuck Schumer  
Majority Leader  
U.S. Senate  
322 Hart Senate Office Building  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
317 Russell Senate Office Building  
Washington, D.C. 20515

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
2468 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Hakeem Jeffries  
Minority Leader  
U.S. House of Representatives  
2433 Rayburn House Office Building  
Washington, D.C. 20515

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Johnson, and Minority Leader Jeffries,

On behalf of NFIB, the nation's leading small business advocacy association, I write to request Congress provide relief to small businesses from a massive new reporting requirement that goes into effect in a little over a month. If Congress fails to act, over 32 million small business owners will be required to attempt to comply with a massive new regulation that the Financial Crimes Enforcement Network (FinCEN) is not ready to implement and carries criminal and civil penalties for failure to comply. *NFIB urges Congress to immediately act to delay the implementation of beneficial ownership information reporting under the Corporate Transparency Act.*

This substantial new reporting requirement will affect 32.6 million small businesses in the first year and five to six million small businesses each year thereafter. The cost of this regulation is a staggering \$22.7 billion in its first year and \$5.6 billion per year moving forward. Failure to file completed and updated reports could result in civil penalties of up to \$10,000 and criminal penalties of up to two years in prison. In total, this burdensome regulation smothers the smallest businesses in America with more than \$73 billion in compliance costs and it only applies to small businesses with 20 or fewer employees and \$5 million or less in annual revenue.

According to a recent NFIB member survey, 90% of small businesses were not aware of the new requirements that go into effect on January 1, 2024. Unfortunately, we are a little over a month until these requirements go into effect and many law-abiding small businesses will face fines and prison time for not complying with these little-known, burdensome requirements.

FinCEN has yet to finalize regulations to establish a database to store the private beneficial ownership information of small business owners. Without a database and clear directions governing who can access the database, it would be irresponsible for Congress to move forward with the beneficial ownership regulation, and potentially put the identities of small business owners at risk.

Small businesses are not aware of this new regulation and FinCEN is clearly not ready to implement the regulation. This is a recipe for disaster, especially when small businesses face significant fines and prison time for non-compliance.

NFIB strongly urges Congress to delay this regulation. We look forward to working with you to provide relief from these burdensome requirements facing small businesses.

Sincerely,

A handwritten signature in black ink that reads "Jeff Brabant". The signature is written in a cursive, slightly slanted style.

Jeff Brabant  
Director, Federal Government Relations  
NFIB