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October 21, 2019

Dear Representative,

On behalf of NFIB, the nation's leading small business advocacy organization, I write in strong opposition to H.R. 2513, the *Corporate Transparency Act of 2019*. **This bill saddles America's smallest businesses with 131.7 million new paperwork hours at a cost of \$5.7 billion, and treats small business owners as criminals by threatening them with jail time and oppressive fines for paperwork violations.**¹ To make matters even worse, the legislation puts the personal information of small business owners at serious risk.

The *Corporate Transparency Act of 2019* requires corporations and limited liability companies with 20 or fewer employees to file new reports with the Treasury Department's Financial Crimes Enforcement Network (FinCEN) regarding the personally identifiable information of businesses' beneficial owners and update that information every year. The legislation imposes its reporting mandates only on America's small businesses, those least equipped to handle new paperwork requirements. **Moreover, the legislation makes it a federal crime to fail to provide completed and updated reports, with civil penalties of up to \$10,000, criminal penalties of up to 3 years in prison, or both.**

The nonpartisan Congressional Budget Office (CBO) agrees that this legislation would impose a significant new regulatory burden on small businesses. The CBO wrote, "Because of the high volume of businesses that must meet the new reporting requirements and the additional administrative burden to file a new report, CBO estimates that the total costs to comply with the mandate would be substantial." The *Corporate Transparency Act* would generate between 25 million to 30 million new reports annually.

NFIB members report that the burden of federal paperwork ranks in the top 20% of the problems they encounter as small business owners.² While large businesses and financial institutions may have access to teams of lawyers, accountants, and compliance experts to gather beneficial ownership information and report it to the government, small business owners do not. Small business owners have difficulty affording accounting and legal

¹ NFIB Research Center, *Economic Costs to Small Businesses Due to the Corporate Transparency Act*, Sept. 18, 2019, https://www.nfib.com/assets/NFIB_Corporate_Transparency_Act.pdf.

² NFIB Research Center, *Small Business Problems and Priorities*, Table I, p. 12 (problem ranked 12 out of 75), August 2016, <http://www.nfib.com/assets/NFIB-Problems-and-Priorities-2016.pdf>.

experts to help them understand and comply with federal reporting requirements. And small business owners lack the time to track and gather information to fill out yet more forms for the government.

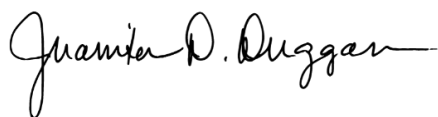
When NFIB surveyed its membership concerning beneficial ownership reporting in August 2018, 80% opposed the idea of Congress requiring small business owners to file paperwork with the Treasury Department each time they form or change ownership of a business.³

The *Corporate Transparency Act of 2019* raises serious privacy concerns for small businesses. This bill would allow federal, state, tribal, local, and even foreign law enforcement access to business owners' personally identifiable information, via the FinCEN database, **without a subpoena or warrant**. The potential for improper disclosure or misuse of private information increases as the number of people with access to the information increases.

The *Corporate Transparency Act of 2019* establishes a first of its kind federal registry of small business owners. While this registry will not be publicly available initially, NFIB has serious concerns that this legislation would be a first step towards establishing a publicly accessible federal registry, which can be used to name and shame small business owners.

NFIB strongly opposes H.R. 2513, the *Corporate Transparency Act of 2019* and will consider it a Key Vote for the 116th Congress.

Sincerely,

A handwritten signature in black ink that reads "Juanita D. Duggan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Juanita D. Duggan
President & CEO
NFIB

³ When asked, "Should Congress require small business owners to file paperwork with the Financial Crimes Enforcement Network each time they form or change ownership of a business?" a mere 11% said "yes" and a resounding 80% said "no," with 9% undecided. NFIB Member Ballot, August 2018.