

January 15, 2025

The Honorable Tommy Tuberville
U.S. Senate
455 Russell Senate Office Building
Washington, D.C. 205150

The Honorable Warren Davidson
U.S. House of Representatives
2113 Rayburn House Office Building
Washington, D.C. 20515

Dear Senator Tuberville and Representative Davidson,

On behalf of tens of millions of small businesses, the undersigned organizations strongly support your legislation to repeal the Corporate Transparency Act (CTA), an unconstitutional expansion of the federal government that targets over 32 million small businesses.

The CTA was signed into law as part of the 2021 National Defense Authorization Act.¹ By passing this law, Congress imposed one of the most expansive small business regulations in history as an amendment to an unrelated and must-pass bill.

The law's intent was to fight money laundering and shell companies. Unfortunately, criminals will not comply with this law or file their beneficial ownership information with the federal government. However, law-abiding small business owners will. Small businesses fear that all the CTA has done is impose tens of billions of dollars in compliance costs on their businesses and will not stop the criminal activity it was intended to target.

Thankfully, on December 26, 2024, the U.S. Court of Appeals for the Fifth Circuit reinstated a nationwide injunction, blocking the enforcement of the CTA. Without this ruling, over 20 million small businesses could face up to a \$10,000 fine and 2 years in prison for not complying with a law they largely do not know exists. In fact, according to research from the National Federation of Independent Business (NFIB), 83% of small businesses do not know of the CTA or the requirements stemming from the law.

Small businesses are not criminals and do not wish to be treated as such by the federal government. We are not opposed to efforts to fight criminal activity, but these efforts must be targeted and tailored. The CTA is not. It is a sledgehammer that imposes exorbitant fines that could close down millions of small businesses forever and penalties that may criminalize tens of millions of law-abiding small business owners.

¹ TITLE LXIV—ESTABLISHING BENEFICIAL OWNERSHIP INFORMATION REPORTING REQUIREMENTS, William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Public Law 116-283, January 1, 2021, <https://www.congress.gov/116/plaws/publ283/PLAW-116publ283.pdf>

The *Repealing Big Brother Overreach Act* would eliminate this unconstitutional power grab by repealing the Corporate Transparency Act. We strongly support this legislation and urge Congress to enact it swiftly to provide relief and certainty to over 32 million small businesses.

Sincerely,

Air Conditioning Contractors of America
Alliance for Chemical Distribution
American Building Materials Alliance
American Council of Engineering Companies
American Craft Spirits Association
AmericanHort
American Lighting Association
American Mold Builders Association
American Short Line and Regional Railroad Association
American Supply Association
Associated Builders and Contractors
Associated Equipment Distributors
Associated General Contractors of America
Brewers Association
CM Services, Inc.
Community Associations Institute
Heating, Air-conditioning, & Refrigeration Distributors International
Family Business Coalition
Forging Industry Association
Gases and Welding Distributors Association
Global Cold Chain Alliance
International Council of Shopping Centers
International Franchise Association
International Sign Association
Irrigation Association
Marine Retailers Association of the Americas
Material Handling Equipment Distributors Association
Minnesota Farm Bureau Federation
National Apartment Association
National Association of Convenience Stores
National Association of Electrical Distributors
National Association of Wholesaler-Distributors
National Cotton Council
National Federation of Independent Business
National Fisheries Institute
National Funeral Directors Association
National Grocers Association

National Lumber & Building Material Dealers Association
National Pork Producers Council
National Roofing Contractors Association
National Propane Gas Association
National RV Dealers Association
National Small Business Association
National Stone Sand & Gravel Association
National Tooling and Machining Association
North American Association of Food Equipment Manufacturers
Owner-Operator Independent Drivers Association
Performance Racing Industry
Plumbing-Heating-Cooling Contractors – National Association
Precision Machined Products Association
Precision Metalforming Association
PRINTING United Alliance
Private Investor Coalition
S-Corporation Association
Small Business & Entrepreneurship Council
Society of Collision Repair Specialists
Specialty Equipment Market Association
Textile Care Allied Traders Association
USA Rice
Wyoming Stock Growers Association