

August 12, 2020

The Honorable James Inhofe
Chairman
U.S. Senate Committee on Armed Services
228 Russell Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
Ranking Member
U.S. Senate Committee on Armed Services
228 Russell Senate Office Building
Washington, DC 20510

The Honorable Adam Smith
Chairman
U.S. House Committee on Armed Services
2216 Rayburn House Office Building
Washington, DC 20515

The Honorable Mac Thornberry
Ranking Member
U.S. House Committee on Armed Services
2216 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Inhofe, Chairman Smith, Ranking Member Reed, and Ranking Member Thornberry,

As you begin conference discussions on the Fiscal Year 2021 National Defense Authorization Act, the undersigned small business organizations urge you to exclude non-germane provisions that would burden small businesses with new beneficial ownership reporting requirements through the creation of a federal registry. During Main Street's most significant economic and public health crisis in generations, now is not the time to kick small business owners while they are down and target the smallest businesses in America with a new, permanent reporting requirement that compromises the privacy of law-abiding small business owners.

The House passed H.R. 6395, the *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*, contained an amendment offered by Representative Carolyn Maloney that incorporated the text of H.R. 2513, the *Corporate Transparency Act of 2019*. This unrelated amendment was grouped with 154 other amendments within a massive en-bloc amendment that received only one minute of debate. In the Senate, Senators Crapo and Brown submitted a similar amendment, Senate Amendment 2198 to S. 4049, the *National Defense Authorization Act for Fiscal Year 2021*, but ultimately, the amendment was excluded from the legislation.

The amendments are structured similarly and would require millions of small businesses, nearly every employer with 20 or fewer employees, to register their personally identifiable ownership information with the Financial Crimes Enforcement Network (FinCEN) at the Department of Treasury and update that information periodically for the life of the business. Willful failure to provide completed and updated paperwork could result in significant fines and imprisonment. These amendments seek to transfer a substantial regulatory requirement, FinCEN's Customer Due Diligence Rule, from financial institutions to the smallest businesses in America.

Not only would these amendments burden small business owners, but they would also decrease privacy protections. Under current law, the beneficial ownership information of small business owners is held securely by financial institutions and can only be accessed by law enforcement via a judicial subpoena or warrant. This requirement would be eliminated by these amendments and thousands of law enforcement and intelligence officials, including foreign governments, would be able to access this information via requests through undefined protocols.

These amendments will slow the economic recovery of Main Street and neither should be included in the Fiscal Year 2021 National Defense Authorization Act conference report.

Sincerely,

Aeronautical Repair Station Association
Agricultural Retailers Association
Air Conditioning Contractors of America
AMAC Action
American Farm Bureau Federation
American Foundry Society
American Mold Builders Association
American Rental Association
American Supply Association
American Veterinary Medical Association
Associated Builders and Contractors
Associated Equipment Distributors
Associated General Contractors of America
Auto Care Association
Automotive Service Association
Construction Industry Round Table
Convenience Distribution Association
DHI – Door Security and Safety Professionals
Family Business Coalition
FEUSA
Foodservice Equipment Distributors Association
Heating, Air-conditioning, & Refrigeration Distributors International
Independent Electrical Contractors
Independent Office Products & Furniture Dealers Association
Industrial Fasteners Institute
International Association of Plastics Distribution
International Council of Shopping Centers
International Franchise Association
Manufactured Housing Institute
Manufacturer & Business Association
NACS
National Association of Electrical Distributors
National Association of Wholesaler-Distributors
National Cattlemen’s Beef Association
National Community Pharmacists Association
National Electrical Contractors Association
National Grocers Association
National Office Products Alliance
National Onion Association
National Pest Management Association
National Ready Mixed Concrete Association
National RV Dealers Association
National Roofing Contractors Association

National Small Business Association
National Tooling and Machining Association
NFIB
North American Association of Food Equipment Manufacturers (NAFEM)
North American Die Casting Association
Office Furniture Dealers Alliance
Owner-Operator Independent Drivers Association
Petroleum Equipment Institute (PEI)
Plumbing-Heating-Cooling Contractors—National Association
Policy and Taxation Group
Precision Machined Products Association
Precision Metalforming Association
PRINTING United Alliance
S Corporation Association
Service Station Dealers of America and Allied Trades (SSDA-AT)
Small Business & Entrepreneurship Council
Society of Collision Repair Specialists (SCRS)
Specialty Equipment Market Association
The Payroll Group
Tire Industry Association
Truck Renting and Leasing Association