

Trade Association Statement Supporting *NSBA v. Janet Yellen*
December 7, 2022

The undersigned organizations strongly support the National Small Business Association v. Yellen challenging the constitutionality of the Corporate Transparency Act (CTA). The CTA represents an unprecedented attempt by the federal government to gather the personal information of millions of law-abiding citizens and residents who own or control small businesses and other covered entities, disproportionately targeting our members and subjecting them to increased paperwork, privacy risks, and potentially devastating fines and prison terms.

CTA reporting requires small business owners to provide their “full legal name, date of birth, current...residential or business street address, and unique identifying number from an acceptable identification document” such as an unexpired passport, a state-issued driver’s license, or a FinCEN-issued identifier number.

Congress’s aim in launching this unprecedented information grab was “to generate a database that is highly useful to national security, intelligence, and law enforcement agencies and Federal functional regulators.” In other words, the CTA is nothing more than a law enforcement dragnet that imposes its heaviest burdens on law abiding small business owners. By the government’s own estimates, the law would apply to more than 32 million existing companies and an additional 5 million newly created companies per year.

The individuals who own or control these small businesses will be confronted with civil penalties of up to \$10,000, 2 years’ imprisonment, or both, for failing to report such information. Just as concerning, the CTA endangers the privacy and safety of these individuals by warehousing their personal information, including their residences, in a government database housed by an agency that has already been breached.

It is clear whatever marginal benefit the CTA affords law enforcement will be far outweighed by the costs borne by small businesses and their owners. It is also clear that the CTA exceeds the confines of the Constitution by collecting, for law enforcement purposes, the personal information of millions of individuals without establishing any reasonable suspicion of wrongdoing. This law is poorly considered and unconstitutional. We look forward to the courts striking down this ill-advised law.

AICC, The Independent Packaging Association
Air Conditioning Contractors of America (ACCA)
American Mold Builders Association
American Pipeline Contractors Association
American Podiatric Medical Association
Associated Equipment Distributors
Construction Industry Round Table
Financial Executives International (FEI)
Forging Industry Association
Heating, Air-conditioning, & Refrigeration Distributors International
IAPD - The Performance Plastics Association
ICSC

Independent Bakers Association
Independent Electrical Contractors
Industrial Fasteners Institute
International Franchise Association
Irrigation Association
National Association of Electrical Distributors
National Association of Insurance and Financial Advisors
National Association of Professional Insurance Agents
National Association of Wholesaler-Distributors
National Electrical Manufacturers Representatives Association (NEMRA)
National Lumber & Building Material Dealers Association
National Marine Distributors Association
National Ready Mixed Concrete Association
National Roofing Contractors Association
National Tooling and Machining Association
New Mexico Farm & Livestock Bureau
North American Association of Food Equipment Manufacturers (NAFEM)
North American Die Casting Association
Outdoor Power Equipment and Engine Service Association
Pet Industry Distributors Association
Power and Communication Contractors Association
Precision Machined Products Association
Precision Metalforming Association
Private Investor Coalition
S Corporation Association
Small Business & Entrepreneurship Council
Southeastern Lumber Manufacturers Association
SubChapter S Banks Association
The Hardwood Federation
The Real Estate Roundtable
West Virginia Cattlemen's Association
Wyoming Stock Growers Association