

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

The Honorable JD Vance
Vice President of the United States
The White House
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Dear President Trump and Vice President Vance:

Firstly, please accept our congratulations on your recent inauguration. We look forward to working with your Administration in support of American entrepreneurs. Our small businesses—which employ nearly half of all Americans and drive 43.5 percent of U.S. Gross Domestic Product¹—are the economic engines that support Main Streets in every community across the United States. While small businesses have a big footprint, we are also uniquely vulnerable to the harmful impacts of federal overreach and overregulation. That is why the undersigned organizations, representing the 70+ million owners and employees that make up the U.S. Small Business sector, write today to urge prompt action on an issue of grave importance to every small business across the nation: the implementation of the Corporate Transparency Act (CTA).

Enacted as part of the National Defense Authorization Act of 2021, the CTA is a dangerous, onerous mandate which applies exclusively to small companies, and has been deemed unconstitutional by at least two federal courts.² It requires that any entity formed or doing business in the United States that employs 20 or fewer individuals in the U.S. or reports less than \$5,000,000 in gross receipts report beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN) division of the U.S. Department of the Treasury.

By placing them in a law enforcement database, the CTA effectively treats law-abiding entrepreneurs and small business owners like criminals, keeping a register which FinCEN has indicated it intends to actively share with not just domestic law enforcement, but also foreign governments, law enforcement, prosecutors, and judges. Moreover, as recently demonstrated by revelations of data breaches at Treasury,³ we are further concerned that such a database risks the potential exposure of sensitive, personally-identifying information to a variety of malicious actors. On top of all of this, penalties small business owners face for noncompliance are stiff: civil fines of as much as \$500 per day, and criminal penalties up to \$10,000 in fines and two years in prison.

Foreseeing the damage the CTA has caused, during his time in the Senate, Vice President Vance was an original cosponsor of legislation to repeal the CTA.⁴ Additionally, Secretary-designate Linda

¹ U.S. Small Business Administration, Office of Advocacy, “Frequently Asked Questions About Small Business, July 2024” https://advocacy.sba.gov/wp-content/uploads/2024/12/Frequently-Asked-Questions-About-Small-Business_2024-508.pdf.

² *NSBU v. Yellen*; *Texas Top Cop Shop v. Garland*.

³ 12-30-24 Letter from Treasury to Senate Committee on Banking, Housing and Urban Affairs. <https://s3.documentcloud.org/documents/25472740/letter-to-chairman-brown-and-ranking-member-scott.pdf>.

⁴ <https://www.congress.gov/bill/118th-congress/senate-bill/4297/cosponsors>.

McMahon—who served as Small Business Administration (SBA) Administrator in your first Administration—has specifically cited the CTA as an example of government overreach.⁵ They are far from alone, and bills to delay or repeal the CTA emerged in both the House of Representatives and the Senate in the 118th Congress – including legislation which garnered a nearly unanimous 420-1 vote in the House.⁶ Notably, one of these delay efforts was just reintroduced by a bipartisan group in the House of Representatives on January 24th, less than a month into the 119th Congress. The broad coalition of supporters across the political spectrum and the sheer number of bills introduced illustrate broad acknowledgement of the statute’s considerable flaws.

Unfortunately, while the two cases in which the CTA was found unconstitutional both resulted in injunctions, the nationwide injunction issued in *Texas Top Cop Shop v. Garland* was stayed by the Supreme Court on January 23, 2025, pending the results of the government’s appeal. This means that without swift action to delay implementation of the CTA, millions of American entrepreneurs now find themselves noncompliant and subject to hefty penalties, even as several lawsuits remain pending. This adds to the mountain of confusion covered entities already face, as various deadlines and filings obligations have shifted in just the past few weeks.

Your Administration has a unique opportunity to provide much-needed relief to millions of American businesses from this burdensome, complex, and unconstitutional statute. We urge you to take swift action to delay the implementation and enforcement of the CTA indefinitely, or at least until the legal cases challenging its validity have been resolved. We appreciate your attention to this vital, timely matter.

Sincerely,

⁵ https://x.com/Linda_McMahon/status/1851219819078557754.

⁶ <https://www.congress.gov/bill/118th-congress/house-bill/5119>.