



April 29 , 2024

The Honorable Roger Williams
Chairman, House Committee on Small
Business
2361 Rayburn House Office Building
Washington, DC 20515

The Honorable Nydia Velazquez
Ranking Member, House Committee on
Small Business
2361 Rayburn House Office Building
Washington, DC, 20515

Dear Chairman Williams and Ranking Member Velazquez,

On behalf of the National Multifamily Housing Council (“NMHC”) and the National Apartment Association (“NAA”) (the “Associations”) and their members – owners, managers, developers, and financiers in the nation’s multifamily housing industry, we are writing to express our ongoing concern about the status of the implementation of the reporting requirements of the beneficial ownership framework required as part of the 2021 Corporate Transparency Act (CTA). We appreciate your interest in this issue through your hearing entitled *Under the Microscope: Examining FinCENs Implementation of the Corporate Transparency Act* being held on April 30, 2024.

We support the goal of preventing crimes such as money laundering and terrorism financing, but we strongly believe a delay or at least a one year extension in implementation is necessary to ensure the Financial Crimes Enforcement Network (FinCEN) can implement the CTA’s requirements in a clear, transparent, efficient and secure manner.

The CTA statute, adopted as part of the National Defense Authorization Act for Fiscal Year 2021, called for a reporting deadline of “not later than 2 years after the effective date of the regulations” for existing entities. This timeframe was designed to give affected entities sufficient time to learn of, understand and comply with the new reporting regime. The two-year initiation period is in keeping with the legislation’s preamble which instructs FinCEN to “seek to minimize burdens on reporting companies associated with the collection of beneficial ownership information.”²

In its rulemaking, however, FinCEN shortened this deadline and gave existing entities just one year to comply.³ That decision is problematic both in its disregard of congressional intent and its practical implications for CTA compliance rates. The CTA covers tens of millions of legal entities plus all those millions of individuals defined as their so-called “beneficial owners,” yet the vast majority of the law’s targets remain wholly

¹ P.L. 116–283, William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021

² *Ibid*, Sec. 6403 (pp. 1225)

³ 31 CFR 1010.380

unfamiliar with their new compliance obligations. They simply need time to learn about the new law.

Filing under the CTA began on January 1, 2024 for the 32 million existing, qualifying reporting entities, yet as of February 14 fewer than 2 percent of covered entities had submitted their required information to FinCEN⁴. At this rate, it will take more than ten years for filings to reach FinCEN’s estimates of 32 million submissions.

One reason for this low compliance rate is that most business owners are ignorant of the new law. A recent survey conducted by the National Federation for Independent Business found that four out of five small business owners are “not at all familiar” with the new reporting requirements.⁵ Meanwhile, as a Tax Notes article highlighted, while the accounting community is best positioned to educate their small business clients regarding their filing obligations under the CTA, they are precluded from doing so it could constitute practicing law without a license.

Both the business community and FinCEN have made strenuous efforts to educate small business owners as to their new obligations, but it is obvious more time is needed. Congress did not enact the CTA in order to turn millions of law-abiding small business owners into felons.

Confusion around the rollout will divert significant compliance resources for small businesses trying to meet unclear and unreasonable deadlines. Our members, and other businesses in the housing industry will face many challenges meeting the reporting deadlines. Not only will this be harmful to industry participants, but also to families seeking affordable housing. Notably, this is in opposition to FinCEN’s commitment as expressed in its September 29, 2022, Beneficial Ownership Information Reporting Rule Fact Sheet that asserts “the rule aims to minimize burdens on small businesses and other reporting companies.”

Further, stakeholders have cited the limitations of FinCEN’s financial and staffing resources. A delay will help relieve strain on FinCEN’s resources, allowing the agency to ensure it can provide impacted entities with access to adequate support.

Given these factors, we respectfully request that Congress, FinCEN and the U.S. Department of the Treasury take appropriate steps to delay further implementation or extend the compliance date of the beneficial ownership information reporting

⁴ Statement by Andrea M. Gacki, FinCEN Director. Committee on Financial Services hearing, February 14, 2024. <https://docs.house.gov/meetings/BA/BA00/20240214/116841/HHRG-118-BA00-Wstate-GackiA-20240214.pdf>

⁵ National Federation of Independent Business Research Center. *Financing Sales Survey, December 2023*, pp. 5. <https://strgnfibcom.blob.core.windows.net/nfibcom/Financing-Sales-Survey.pdf>



requirements. Bipartisan support led to the CTA's enactment in 2021, and broad bipartisan concern with the state of implementation should warrant action.

We look forward to continuing to work with policymakers on the implementation of the CTA and other policies with impacts on the housing industry. Thank you for your attention to these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Pinnegar", written over a light blue horizontal line.

Robert Pinnegar
President & CEO
National Apartment Association

A handwritten signature in black ink, appearing to read "Sharon Wilson Géno", written over a light blue horizontal line.

Sharon Wilson Géno
President
National Multifamily Housing Council