

**WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. HOUSE
COMMITTEE ON FINANCIAL SERVICES
OVERSIGHT OF THE FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN)
AND THE OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE (TFI)**

February 26, 2024

John Arensmeyer

Founder & CEO, Small Business Majority

Dear Chairman McHenry, Ranking Member Waters and members of the House Committee on Financial Services:

As a leading representative of America's 33 million small businesses, Small Business Majority is pleased to provide written testimony to the U.S. House Committee on Financial Services regarding the recent hearing on Oversight of the Financial Crimes Enforcement Network (FinCEN) and the Office of Terrorism and Financial Intelligence (TFI).

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. From our nine offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enables us to educate stakeholders about key issues impacting America's entrepreneurs, with a special focus on the smallest businesses and those facing systemic inequities.

In today's rapidly evolving economy, which has seen a rise in corporate fraud and corruption, it is critical that our nation's small businesses have the protections necessary to compete on a level playing field. That is why we appreciated the enactment of the Corporate Transparency Act (CTA) in 2021, which directed the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) to establish beneficial ownership information (BOI) reporting requirements for corporations to combat money laundering, corruption, and tax fraud. Small Business Majority is committed to ensuring small businesses have access to the information and educational resources necessary to comply with FinCEN's BOI reporting requirement, which went into effect on January 1, 2024.

Previous [nationwide research](#) conducted by Small Business Majority found that more than two-thirds of small business owners were supportive (77%) of legislative efforts to require businesses to list the true identity of their owners. What's more, an additional 76% said they believe that this legislation would benefit small businesses by protecting them from contract fraud and giving them fair access to government set-asides (76% agree).

While small business owners have supported efforts to increase transparency through reporting requirements, many are still not aware of FinCEN's new BOI reporting requirement. In a recent [national opinion poll](#) conducted by Small Business Majority, 58% of small business owners surveyed were aware of the new requirement. As of January 31, 2024, 44% of businesses surveyed had filed a BOI report. Of the small business owners who have already filed, more than two-thirds (68%) report that completing the BOI report was easy and only 18% found completing it difficult.

To ensure small businesses continue to become aware of the new reporting requirements, FinCEN must prioritize outreach campaigns, which should include information on the definition of a reporting company

and “beneficial owner,” reporting deadlines, and step-by-step reporting instructions, to all relevant parties. We encourage FinCEN to partner with business trade associations and organizations, like Small Business Majority, to notify small businesses of the new disclosure requirements. Small Business Majority provides easily accessible, straightforward [resources](#) on our website to help small business owners understand what information they are required to submit and how they can do so. Optimizing outreach and implementation efforts to small businesses, who may not otherwise know of the new requirement, will be critical to the success of the disclosure requirement and its anticipated impacts on corporate transparency.

As outlined in our [previous comments](#) in response to FinCEN’s 2021 notice of proposed rulemaking (NPRM) for BOI reporting requirements, Small Business Majority encourages FinCEN to prioritize the following recommendations during the rollout of this requirement to reflect the needs of small businesses:

1. Give ample notice to businesses regarding new reporting requirements

Small business owners should be given plenty of opportunities through FinCEN, state and local governments, and business associations partnering with FinCEN to learn about new disclosure requirements. FinCEN can achieve this through collaboration with other federal entities, such as the Internal Revenue Service and Small Business Administration, and state entities to ensure that businesses receive written and electronic communications notifying them of their new reporting requirements.

2. Minimize compliance costs through collaboration with states

FinCEN’s best opportunity to minimize small business compliance costs is to integrate the FinCEN filing as seamlessly as possible into existing state-level incorporation processes. Doing so will require materials and personnel to disseminate information on filing and help states quickly answer questions from filers.

3. Leverage technology to minimize business costs during filing

FinCEN should incorporate modern technology that can ensure the consistency and accuracy of information as it is entered into the database. Ensuring real-time accuracy will save businesses from later having to rectify inconsistencies when opening a bank account or applying for a loan or other financing.

We thank you for the opportunity to comment on these critical issues and welcome the Committee’s efforts to ensure FinCEN is meeting the needs of America’s small businesses. For any questions or additional information, please contact Government Affairs Director, Alexis D’Amato at adamato@smallbusinessmajority.org.

Sincerely,

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