



Opinion Poll

Small Business Owners Support Legislation Requiring Transparency in Business Formation

April 4, 2018

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Executive Summary

Under current law, business owners are not required to list their identity when they establish a business, which has encouraged some to establish anonymous shell companies to engage in illicit behavior. However, Congress is currently considering bipartisan legislation that would require businesses to list the true identity of their owners when forming to address issues of fraud and abuse. The legislation provides that owners' names would be kept private and would only be made available to law enforcement with a proper subpoena or summons. Some have argued that this increased transparency could boost accountability and confidence in the system, while others have raised concerns that it could hinder business formation. Now, new scientific opinion polling shows small business owners decidedly support this legislation.

The survey, conducted by Chesapeake Beach Consulting for Small Business Majority, revealed that 77% of small business owners agree Congress should pass legislation that would require businesses to list the true identity of their owners when forming, with roughly half (49%) in strong agreement. The poll was an online survey of 500 small business owners nationwide conducted between March 5 and 11, 2018.

Additionally, the survey found a vast 84% of small business owners say the use of shell companies to win contracts or obtain government set-asides reserved for small businesses is a problem. Nearly 6 in 10 (58%) believe this is a major problem, and only 5% of small business owners say this is not a problem.

What's more, the survey results indicate that small business owners do not believe this disclosure would place a burden on their business. Indeed, 76% of small business owners feel legislation requiring small businesses to list the true identities of their owners would benefit them by protecting them from contract fraud and giving them fair access to government set asides, compared to just 9% who feel that such legislation would be a burden or would stifle business creation. Importantly, nearly all small business owners disclose their true identities when establishing their business. A mere 3% of respondents say they did not disclose their identity when setting up their small business.

These results are similar across all geographic regions and there is no difference among respondents based on political affiliation. Indeed, the same number of small business owners identifying as Democrat or Republican (79%) agree that Congress should pass a law requiring businesses to list the true identity of their owners when forming.

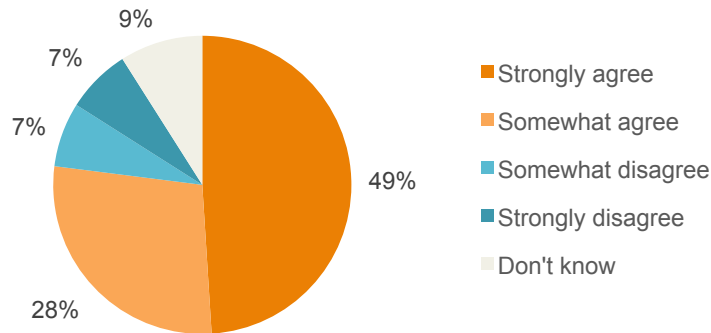
As these results show, small business owners are broadly supportive of legislation that would further improve accountability in rules regarding business ownership transparency.

Methodology

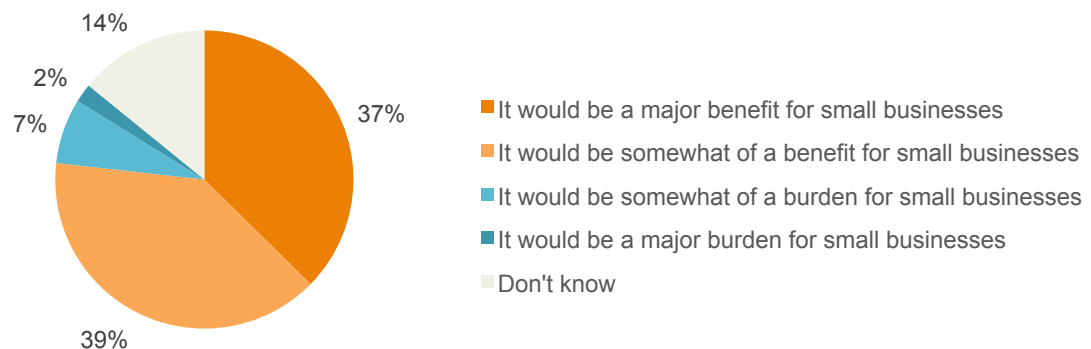
This poll reflects an Internet survey of 500 small business owners nationwide with 1-100 employees. The poll was conducted by Chesapeake Beach Consulting for Small Business Majority between March 5-11, 2018. The margin of error is +/-4.4%.

Main Findings

- Small business owners support legislation requiring disclosure of business owners:** 77% of small business owners agree Congress should pass legislation that would require businesses to list the true identity of their owners when forming. Under the bill, the owners' names would be kept private and would only be made available to law enforcement with a proper subpoena or summons. Roughly half (49%) strongly agree we need this disclosure in place.



- Small business owners believe use of shell companies to fraudulently win contracts is a problem:** A vast 84% of small business owners say the use of shell companies to win contracts or obtain government set-asides reserved for small businesses is a problem. Nearly 6 in 10 (58%) believe this is a major problem.
- Small business owners believe legislation requiring small businesses to list the true identities of their owners would benefit rather than burden their businesses:** More than 3 in 4 small business owners (76%) think legislation requiring a small business to list the true identities of their owners would benefit small businesses by protecting them from contract fraud and giving them fair access to government set-asides. Just 9% of small business owners think such legislation would be a burden on businesses and would stifle business creation.



- Nearly all small business owners disclose their true identities when establishing their business:** A mere 3% of respondents say they did not disclose their identity when setting up their small business.
- Small business owners are politically and geographically diverse:** 45% of respondents identify as Republican or Republican-leaning independents, 39% are Democrat or Democrat-leaning independents and 15% are pure independent. Additionally, 22% of respondents are from the West, 25% from the Midwest, 38% from the South and 16% from the Northeast.

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500 Small Business Owners Nationwide (Online)
1-100 Employees
March 2018

1. Please indicate your gender

Male..... 60%
Female..... 40%

2. What state is your business in?

West..... 22%
Midwest..... 25%
South 38%
Northeast..... 16%

3. Do you own your own for-profit business?

Yes 100%

4. How many people do you employ including yourself? (*Cap at 25% self-employed*)

One 25%
2 to 9..... 56%
10 to 19 9%
20 to 49 6%
50 to 100 4%

5. How long have you been in business?

Less than one year 2%
One to three years 11%
Four to six years 13%
Seven to 10 years 14%
More than 10 years 60%
Don't know 0%
Refused..... 0%

6. As you may know, current law allows a business to be established without listing the identities of the business' owners. Some have used these anonymous shell companies to engage in illicit behavior such as money laundering and financing criminal activity. Congress is considering legislation which would require businesses to list the true identity of their owners when forming. The owners' names would be kept private and would only be made available to law enforcement with a proper subpoena or summons.

Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree that Congress should pass such a law?

Strongly agree 49%
Somewhat agree 28%
Somewhat disagree 7%
Strongly disagree 7%
Don't know 9%
Refused..... 0%
AGREE..... 77%
DISAGREE..... 14%

7. Some have used shell companies to fraudulently win contracts or obtain government set-asides reserved for small businesses. Would you say these practices are a major problem, a minor problem, or not a problem?

Major problem	58%
Minor problem	27%
Not a problem	5%
Don't know	11%
Refused.....	0%
PROBLEM.....	84%
NOT A PROBLEM.....	5%

8. **Some people** say that requiring small businesses to list the true identities of their owners would benefit small businesses by protecting them from contract fraud and giving them fair access to government set-asides.

Other people say that requiring listing of business owners' identities places an unnecessary burden on businesses and would stifle business creation.

Do you think it would be a benefit or a burden for small businesses such as yours to disclose the true identity of their owners?

It would be a major benefit for small businesses.....	37%
It would be somewhat of a benefit for small businesses.....	39%
It would be somewhat of a burden for small businesses	7%
It would be a major burden for small businesses	2%
Don't know.....	14%
Refused	0%
BENEFIT	76%
BURDEN	9%

9. Did you disclose your true identity when establishing your small business?

Yes	95%
No	3%
Don't know	1%
Refused.....	<1%

Now, I have just a few questions for statistical purposes...

10. How would you categorize your business?

Retail	17%
Financial, insurance or legal services	9%
Construction	8%
Real estate	6%
Information technology	5%
Agriculture	4%
Manufacturing	3%
Medical or dental	3%
Restaurant or food service	3%
Other non-retail services	9%
Wholesale trade	3%
Other	29%
Not sure/Refused to answer	1%

11. In what year were you born?
- 18-29..... 3%
 - 30-44 19%
 - 45-54 20%
 - 55-64 32%
 - 65+ 25%
12. Generally speaking, do you think of yourself as a Republican, a Democrat, or an Independent?
- Democrat..... 26%
 - Independent..... 33%
 - Republican 35%
 - Other 3%
 - Don't know 1%
 - Refused..... <1%
- 12a. IF INDEPENDENT, OTHER OR DON'T KNOW, ASK: Do you think of yourself as closer to the Republican or Democratic Party?..... **N=189**
- Closer to Democrats..... 32%
 - Closer to Republicans 26%
 - Neither 39%
 - Don't know 2%
 - Refused..... 1%
13. Again, just for statistical purposes what was the gross revenue of your business in 2017?
- Less than \$100,000 39%
 - Between \$100,000 and \$250,000 16%
 - Between \$250,001 and \$500,000..... 13%
 - Between \$500,001 and \$1 million..... 12%
 - Between \$1 million and \$2 million 8%
 - Between \$2 million and \$5 million 4%
 - More than \$5 million 2%
 - Don't know 1%
 - Refused..... 6%
14. What is your race?
- White 82%
 - African American or Black..... 5%
 - Hispanic of Chicano..... 4%
 - Asian or Pacific Islander 4%
 - American Indian 1%
 - Other 1%
 - Biracial or multiracial 1%
 - Don't know 0%
 - Refused..... 1%