



3138 10th Street North
Arlington, VA 22201-2149
P: 703.522.4770 | 800.336.4644
F: 703.524.1082
nafcu@nafcu.org

National Association of Federal Credit Unions | nafcu.org

March 21, 2016

The Honorable Charles Boustany
Chairman
Committee on Ways and Means
Subcommittee on Tax Policy
United States House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
Subcommittee on Tax Policy
United States House of Representatives
Washington, D.C. 20515

Re: The Importance of Retaining the Credit Union Tax Exemption

Dear Chairman Boustany and Ranking Member Neal:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write today to urge you to continue to protect the credit union federal tax exemption as the subcommittee examines tax reform proposals.

The cumulative benefit credit unions provide the greater economy totals over \$17 billion a year, according to an independent study released by NAFCU in 2014. This number far outpaces the cost of the credit union tax exemption and any potential revenue that would be raised by eliminating the exemption. As the study also shows, altering the tax status of credit unions would have a devastating impact not only on credit union members across the country, but also on consumers and small businesses in general. Eliminating the credit union tax exemption would result in the loss of 150,000 jobs a year, a shrinking of the GDP and a net *loss* of revenue to the federal government.

Simply put, the tax exemption is an issue of survival for credit unions and their 103 million members. Despite what some claim, there remain significant regulatory and statutory differences between not-for-profit member-owned credit unions and other types of financial institutions – including limits on who they can serve and their ability to raise capital. During the financial crisis, credit unions performed well, continuing to lend to consumers and small businesses that were turned down by the nation's larger banks. Credit unions are proud of their continued service to Main Street America.

Again, we urge you to ensure that the credit union tax exemption is protected in any tax reform effort. If my colleagues or I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact me or NAFCU's Associate Director of Legislative Affairs, Chad Adams, at (703) 842-2265.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Subcommittee on Tax Policy