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National Association of Federal Credit Unions | nafcu.org

April 25, 2016

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
United States Senate
Washington, DC 20510

Re: The Importance of Retaining the Credit Union Tax Exemption

Dear Chairman Hatch and Ranking Member Wyden:

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 in conjunction with tomorrow's hearing entitled, "Navigating Business Tax Reform." As the Committee examines its options for business tax reform, we urge you to continue to protect the credit union federal tax exemption.

The cumulative benefit credit unions provide the greater economy totals over \$17 billion per 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 it. 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 per 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 and ask the Committee to recognize the value that they provide.

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 Senior Associate Director of Legislative Affairs, Chad Adams, at (703) 842-2265 or cadams@nafcu.org.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Senate Committee on Finance