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**National Association of Federally-Insured Credit Unions**

November 29, 2021

The Honorable Sherrod Brown  
Chairman  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Pat Toomey  
Ranking Member  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate  
Washington, DC 20510

**Re: Tomorrow's Hearing: "Oversight of the Treasury Department's and Federal Reserve's Pandemic Response"**

Dear Chairman Brown and Ranking Member Toomey:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to share our thoughts on issues of importance to credit unions ahead of tomorrow's hearing, "Oversight of the Treasury Department's and Federal Reserve's Pandemic Response," with Treasury Secretary Janet Yellen and Federal Reserve Chairman Jerome H. Powell. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 127 million consumers with personal and small business financial service products. We would like to thank you for this opportunity to provide our perspective on key issues relating to the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* and the nation's recovery from the pandemic.

*IRS Account Flow Reporting Proposal*

First, in light of Secretary Yellen testifying before the Committee, we must continue to reiterate our strong opposition to the provision in the fiscal year 2022 (FY 2022) Budget Resolution that proposes a new reporting requirement on financial institutions for account inflow and outflow information of American taxpayers to the Internal Revenue Service (IRS) for accounts with over \$10,000 in transactions annually. We are encouraged that this provision was left out of the House-passed *Build Back Better Act (BBBA)*, and we encourage you to work with us to find other ways to close the tax gap that do not invade the privacy of millions of Americans. NAFCU does not support including this new reporting language on credit unions in any form in any legislation and believes that this is a flawed approach that cannot be fixed. We urge the Senate to reject any efforts to try to include a new account reporting regime in the BBBA or future legislation.

*Paycheck Protection Program Loan Forgiveness*

Credit unions have stepped up to ensure small businesses in their communities are taken care of during these uncertain times, and their response through the Paycheck Protection Program (PPP), the Small Business Administration (SBA) lending program created by Section 1102 of the CARES Act, was tremendous. However, NAFCU believes it is important to maintain a smooth loan forgiveness process for smaller PPP loans. While credit unions are working with their members to assist them with the current loan form, any additional complexity in the forgiveness rules could pose challenges for many small businesses that may not have the staff or expertise for such a complex application, especially with the current economic challenges. We urge you to consider the needs of credit unions and their small borrowers in the forgiveness process and that the SBA continue to work with lenders through the forgiveness process.

*PPP and the Future of Small Business Lending*

With the authorization of the PPP having now expired, there is language in the House-passed BBBA that would provide the SBA with new authority to lend directly to small businesses. The *Small Business Act* provides the SBA with the authority to make direct loans, but the agency has not exercised this power to a wide degree since 1998. The House version of the BBBA would create a new direct lending program where the SBA would directly provide small businesses with loans under \$150,000 rather than partnering with financial institutions. Although provisions in the BBBA allow for the continuation of small business lending through public-private partnerships with credit unions and other third-party lenders similar to what was done under the PPP, NAFCU has concerns that a new SBA direct loan program will lead to unintended consequences. One of those concerns is a decrease in the level of SBA lending partners. In recent years, NAFCU members have worked to increase the number of lending partners despite statutory limitations imposed on credit union's ability to provide small business loans. Moreover, credit unions continue to focus on providing credit to our nation's small businesses, regardless of size. Over the past five years, 57 percent of business loans made by credit unions were under \$150,000, compared to 46 percent of loans under \$150,000 for other lenders. An SBA direct lending program could serve to reduce the level of lending partners at a time when business lending is greatly needed. While we support increasing access to low-dollar small business loans, we oppose the language in the BBBA giving the SBA the authority to make these loans directly and urge its removal by the Senate. We believe an approach such as the public-private partnership model that was used with the PPP is a far better way to address this need.

*Central Liquidity Facility*

We support, and ask that you make permanent, the changes to the Central Liquidity Facility (CLF) in Section 4016 of the CARES Act. We would note that all three members of the NCUA Board have recently issued a joint bipartisan letter calling on Congress to make permanent the changes to the CLF. The CLF is an important liquidity tool for credit unions. Making these changes permanent would help provide regulatory certainty for federally-insured credit unions and help them withstand future uncertainties. As the economy recovers from the pandemic, we urge you to make the amendments in the CARES Act and their extension in the *Consolidated Appropriations Act, 2021* permanent.

We thank you for the opportunity to share our thoughts and look forward to continuing to work with you on the economic recovery. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Associate Director of Legislative Affairs, at (703) 258-4981 or [lplush@nafcu.org](mailto:lplush@nafcu.org).

Sincerely,



Brad Thaler

Vice President of Legislative Affairs

cc: Members of the U.S. Senate Committee on Banking, Housing and Urban Affairs