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National Association of Federally-Insured Credit Unions

February 10, 2020

The Honorable Richard Neal
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Re: Tomorrow's Hearing: "The Disappearing Corporate Income Tax"

Dear Chairman Neal and Ranking Member Brady:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) regarding the hearing tomorrow entitled "The Disappearing Corporate Income Tax." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve nearly 120 million consumers with personal and small business financial service products.

As the Committee examines the corporate income tax, NAFCU wants to remind you of the economic benefit and value that the credit union tax exemption provides to the greater economy. Credit unions are a vital part of the financial services industry and provide their nearly 120 million members with financial opportunities they may not otherwise have access to. The cumulative benefit credit unions provide the greater economy totals \$16 billion a year according to an independent study released by NAFCU. You can read the study at: www.nafcu.org/cutaxexemption.

While bankers and their allies advocate for the taxation of credit unions, the aforementioned study shows that 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 90,000 jobs a year, a shrinking of the GDP, and a net loss of revenue to the federal government.

Credit unions help facilitate economic growth through lower loan rates, higher interest on deposits, and lower fees. While for-profit institutions were unable to provide Americans with needed capital during the financial crisis, credit unions are proud of their service to Main Street. Any effort to strip credit unions of their federal tax exemption will have a drastic and immediate negative impact on credit unions and their 120 million members who will ultimately bear the cost of any new tax.

Simply put, the credit union tax exemption helps grow the greater economy and create jobs, which is what a corporate tax exemption should be doing. Both credit union members and non-members benefit from credit unions' role in the marketplace, as they serve as a check on the rates and practices banks would implement to maximize profit. Don't be fooled, bankers and their allies want you to tax credit unions to eliminate a major source of competition. What they won't volunteer in this debate is that banks received tens of billions of dollars in corporate tax breaks

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themselves from the passage of the *Tax Cuts and Jobs Act*, leading to many banks enjoying record profits in 2019.

It is with these facts in mind that we ask you to continue to support credit unions as an important cog in our nation's economic well-being and urge you to continue to protect the credit union tax exemption. We thank you for the opportunity to share our views with you. If you have any questions or need any assistance, please don't hesitate to contact me or Janelle Relfe, NAFCU's Associate Director of Legislative Affairs, at 703-842-2237.

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Ways and Means Committee