

November 1, 2021

The Honorable Joseph R. Biden, Jr.  
President of the United States  
The White House  
1600 Pennsylvania Ave. NW  
Washington D.C. 20500

The Honorable Janet Yellen  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave. NW  
Washington, D.C. 20220

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. President, Secretary Yellen, Leader Schumer and Speaker Pelosi:

As associations representing cooperative businesses, we write in opposition to the proposed Internal Revenue Service (IRS) reporting requirements under consideration as part of the *Build Back Better Act*. Over one in every three Americans is a member-owner of at least one cooperative business, including more than 127 million member-owners of credit unions. As member-owned and controlled enterprises, our focus is always on the members, that is the individuals and families who are at the center of our people-centered businesses. Because of this, we share the Administration's goal of building a more inclusive and equitable financial system, but we do not believe the new proposed IRS reporting requirements will meet our shared goal.

Fundamentally, we are concerned about the proposed dramatic change in approach focusing on overall account flows. This approach fails to adequately reach people who are cheating our nation's tax laws and instead places undue burdens on average consumers and their financial institution. Focusing on inflows and outflows stands to burden even low-income consumers with regular bills like childcare, rent, or student loans collectively, if not singularly, exceeding even the highest annual reporting thresholds being considered.

Moreover, cooperatives and credit unions—as member-owned businesses—operate on thrift and in the best interest of the people and community they serve, not outside shareholders. This means that additional administrative requirements to evaluate and report account flows are especially burdensome, particularly with various exemptions on what is included being discussed. Not only could these increased exemptions create compliance burdens, but they will also likely create consumer confusion on what is included and what it not. Cooperatives like credit unions have a focus on serving members, which means that they will find themselves on the frontline of answering member questions and addressing member confusion.

Finally, we are deeply concerned about the potential negative privacy consequences of this reporting proposal on co-op members. In addition to institutional concerns about the IRS's history of vulnerabilities to data breaches, there are major concerns for personal privacy. Our diverse memberships include many consumers who may otherwise be under- or unbanked, and we are concerned that this proposal could not only negatively impact the trust in financial

institutions they have built, but also may deter people who are currently financially-vulnerable from using the safe, reliable services credit unions offer.

On behalf of our member-owners, cooperatives and credit unions, we strongly urge you to withdraw this provision from consideration as you work on the *Build Back Better Act*. Instead, we urge you to consider mechanisms to strengthen enforcement of existing tax laws on the wealthiest Americans and biggest corporations, not enact sweeping, untested policy that will impact the vast majority of consumers and small businesses on main streets across the country.

Sincerely,

Credit Union National Association  
Farm Credit Council  
National Association of Federally-Insured Credit Unions  
National Cooperative Business Association CLUSA  
National Council of Farmer Cooperatives  
U.S. Federation of Worker Cooperatives

cc: Members of the United States Senate  
Members of the U.S. House of Representatives