



Credit Union National Association

cuna.org

DANIEL A. MICA
PRESIDENT & CEO

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | PHONE: 202-638-5777 | FAX: 202-638-7734

April 15, 2008

Representative Charles Rangel
Chairman
House Committee on Ways and Means
1102 Longworth House Office Bldg.
Washington, DC 20515

Representative Jim McCrery
Ranking Member
House Committee on Ways and Means
1139E Longworth House Office Bldg.
Washington, DC 20515

Dear Chairman Rangel and Ranking Member McCrery:

I am writing regarding a proposed offset provision to H.R. 2419, the *Food and Energy Security Act of 2007*, which would impose a reporting requirement on credit and debit card reimbursements to merchants. On behalf of the Credit Union National Association (CUNA) and America's 90 million credit union members, I urge you to reject this provision that was included in the Administration's fiscal year 2009 budget proposal.

This proposal would require merchant acquirers or those financial services entities that process credit card payments for merchants to report to the Internal Revenue Service (IRS) the aggregate payments made to merchants. This offset proposal may very well result in increased costs for financial services, including to those consumers who are living with or bracing for a national economic downturn.

For affected institutions, this provision will add to the substantive compliance burden they already face. Credit unions make every effort to minimize loan rates and fees to consumers, and federal credit unions operate under a loan rate ceiling under the *Federal Credit Union Act*. As a result, this proposal will place a disproportionate burden on credit unions covered by its provisions.

CUNA strongly opposes the inclusion of the proposal in the farm bill reauthorization or as an offset to any other piece of legislation. CUNA recognizes that the intent of the reporting provision is to close the "tax gap" and to collect taxes that are legitimately owed to the Internal Revenue Service. However, this objective can be met through the IRS's traditional auditing process, with fraud and underreporting subject to stiff IRS fines and criminal penalties.



PO Box 431 | Madison, WI 53701-0431 | 5710 Mineral Point Road | Madison, WI 53705-4454 | PHONE: 608-231-4000

The Honorable Charles Rangel
April 15, 2008
Page Two

If the Congress is concerned about this issue, we encourage hearings to fully examine the impact of this proposal on consumers before including it in any legislation.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Mica", written over the word "Sincerely,".

Daniel A. Mica
President & CEO

cc:

The Honorable Paul Kanjorski
U.S. House of Representatives
2188 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
U.S. House of Representatives
2344 Rayburn House Office Building
Washington, DC 20515

The Honorable Spencer Bachus
U.S. House of Representatives
2246 Rayburn House Office Building
Washington, DC 20515