June 11, 2019

The Honorable Adam Smith
Chairman
House Armed Services Committee
2216 Rayburn House Office Building
Washington, DC 20515

The Honorable Mac Thornberry
Ranking Member
House Armed Services Committee
2216 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Smith and Ranking Member Thornberry,

On behalf of America’s credit unions, I am writing regarding the National Defense Authorization Act (NDAA) for fiscal year 2020. The Credit Union National Association represents America’s credit unions and their 115 million members.

After years of negotiation with the Department of Defense (DoD) and amendment of the Federal Credit Union Act in 1996, DoD has the discretionary authority to waive the cost for credit union land leases as well as administrative and logistical fees.

This exemption is not guaranteed for every credit union on every military base. It is a negotiation between that military installation’s base commander and that specific credit union. Furthermore, this exemption is limited in scope to credit unions if at least 95 percent of the membership to be served by the allotment of space or the facility built on the lease land is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families.

While banks may claim an argument for parity on this issue, the fact of the matter is that banks already have the ability under 10 USC §2667 to obtain the same type of waiver. However, banks have not exercised this authority.

As the only member-owned, not-for-profit, democratically controlled option in financial services, credit unions' mission is to promote thrift and provide access to credit for members. It is a mission they have fulfilled for more than 70 years and it’s a mission that remains unchanged today. Credit unions are focused on ensuring the financial readiness of our service members and their families.

CUNA and its members urge the House and Senate Armed Services committees to reject the inclusion of any language in the FY 2020 NDAA that would go beyond DoD’s current authority regarding exemptions from the costs related to leases, utilities, and services on military bases for financial institutions.

On behalf of America’s credit unions, thank you for the opportunity to share our views.

Sincerely,

Jim Nussle
President & CEO