Credit Union National Association
CUNA

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The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Democratic Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives
Washington, DC 20515

Dear Majority Leader McConnell, Democratic Leader Schumer, Speaker Pelosi, and Republican Leader McCarthy:

On behalf of the Credit Union National Association (CUNA), I urge you to support H.R. 1158, the Consolidated Appropriations Act for Fiscal Year 2020 and H.R. 1865, the Further Consolidated Appropriations Act for Fiscal Year 2020. CUNA worked with House and Senate appropriators to fund several priorities for credit unions that are included in this legislation. CUNA represents America's credit unions and their 115 million members.

I thank the appropriations negotiators for fully funding the Community Development Financial Institutions (CDFI) Fund at $262 million. The CDFI Fund was established in 1994 by the Riegle Community Development and Regulatory Improvement Act and is administered by the Treasury Department. It makes capital grants, equity investments and awards for technical assistance to community development financial institutions (CDFIs).

The legislation also includes funding of $1.5 million for the Community Development Revolving Loan Fund (CDRLF). Created in 1979 and transferred to NCUA administration in 1986, the CDRLF assists credit unions serving low-income communities to: 1) provide financial services to their communities; 2) stimulate economic activities in their communities, resulting in increased income and employment; and 3) operate more efficiently. CDRLF funds a revolving loan program and a technical assistance program. Funding for this important program is $500,000 less than last year. While disappointed, I urge you to fully fund this program in fiscal year 2021 and beyond.

I am also appreciative of the bill’s loan limit designations for the Small Business Administration, providing a loan limit of $30 billion for the Section 7(a) loan program and a loan limit of $7.5 billion for the Section 504 Loan Program. In addition, the legislation’s report language contains language sought by CUNA regarding Current Expected Credit Loss (CECL).

H.R. 1865, the Further Consolidated Appropriations Act for Fiscal Year 2020, contains the State, Foreign Operations, and Related Programs Act of Fiscal Year 2020. Included in this bill is a funding level of $17 million for the Cooperative Development Program, an increase of $5 million over last year. The Cooperative Development Program (CDP) is essential to furthering the worldwide development programs at the World Council of Credit Unions (WOCCU).

Also included in H.R. 1865 is an extension of the National Flood Insurance Program until September 30, 2020. This program is essential to many credit unions making residential property loans.

Finally, this second spending bill includes numerous tax provisions, including bipartisan retirement legislation, the Setting Up Every Community for Retirement (SECURE) Act. In addition, the bill repeals the nonprofit "parking tax." The Tax Cuts and Jobs Act of 2017 (TCJA) imposed a 21 percent unrelated business income (UBI) tax on certain employee fringe benefits, namely transportation and parking benefits. Some cities, including Washington, DC, New York and San Francisco, have mandated employer-provided pre-tax mass transit benefits. As a result, employers in those cities cannot avoid the new tax. Nationwide, thousands of credit unions and other not-for-profit entities that have historically had very limited contact with the IRS and also never needed this type of administrative expertise. This provision in the TCJA suddenly required many credit unions and other entities to begin filing tax returns and pay income tax. CUNA has long advocated for the repeal of this TCJA tax and I am pleased that it is included in this larger legislative package.

H.R. 1865 also includes two other tax provisions of interest to credit unions. The first is a provision that would extend through 2020 a tax exclusion of up to $2 million for certain cancelled mortgage debt income. This provision would allow relief to taxpayers by not requiring them to pay personal income tax on forgiven mortgage debt. In addition, it would eliminate the requirement for most financial institutions (including credit unions) to file an IRS Form 1099-C ("Discharge of Indebtedness") on a mortgage default involving an individual's primary residence. The second provision would also allow the taxpayer to treat certain mortgage insurance as qualified residence interest through 2020.

On behalf of America's credit unions and their 115 million members, thank you for recognizing the importance of these programs.

Sincerely,

Jim Nussle
President & CEO