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March 2, 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

Dear Chairman Neal and Ranking Member Brady:

On behalf of the Credit Union National Association (CUNA), I am writing in strong support of the preservation of the credit union income tax status before you hold your hearing entitled, "The Proposed Fiscal Year 2021 Budget with Treasury Secretary Steven Mnuchin." CUNA represents America's credit unions and their 115 million members. Credit unions are Americans' best option for financial services, and the credit union tax status represents one of the best investments that the government makes in its citizens. We urge Congress to retain and reaffirm the credit union tax status. Thank you for holding today's hearing and I respectfully request that this letter be made part of the hearing record.

The importance of having not-for-profit credit unions as vibrant and viable alternatives in the financial services marketplace is as significant today as it has ever been. Credit unions provide accessible and affordable basic financial services to people of all means and encourage the equitable distribution of capital across all individuals, families, communities and small businesses. Credit unions infuse financial market competition with multiple and differentiated competitive business models. They help keep financial services accessible – and affordable – for all consumers, whether they are members of a credit union or not.

Credit unions provide significant financial benefits to both their members as well as nonmembers. Credit unions annually provide \$18.9 billion in total financial benefit to consumers across the country through higher savings and returns, lower loan rates, and fewer fees.

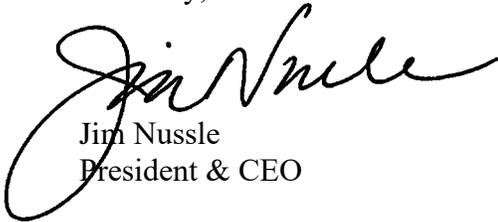
In the aftermath of the financial crisis, more Americans are choosing credit unions as their best financial partner. Some may have joined because their bank failed and others may have joined because they grew frustrated with the policies and fees of the for-profit sector. What's important is that when they needed an alternative, a healthy credit union system with the capacity to grow was ready to serve them, and as credit union members, they benefit from conducting their financial services with an institution that they own. The credit union tax status is crucial to encourage and support the continued existence of this alternative, cooperative component of the financial system.

Congress should preserve the credit union tax status because:

- the tax treatment for credit unions continues to serve the purpose for which it was conveyed;
- credit unions are different because of their structure as not-for-profit member-owned financial cooperatives;
- the tax status represents good public policy because it causes the creation of substantial benefits to the public, far in excess of its cost; and,
- taxing credit unions would represent a tax increase on 115 million Americans—taxpayers who paid a total of \$1.5 trillion in taxes annually. In addition, credit unions pay nearly \$20 billion in local, state, and federal taxes annually.

On behalf of America's credit unions and their 115 million members, thank you very much for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the beginning and end.

Jim Nussle  
President & CEO