

SETTING THE RECORD STRAIGHT: BANK MYTHS ABOUT CREDIT UNIONS

BANK CLAIM:

Large credit unions benefit disproportionately from the credit union federal income tax exemption.

THE FACTS ARE:

- // By definition any group of large entities – including large banks – benefit disproportionately when policy makers bestow income tax advantages on companies of various sizes. **That's simply a function of the fact that large companies generate substantially more income than smaller companies.**
- // **Overall, 57 U.S. banks (representing only 1% of all U.S. banks) account for 74% of bank profits.** These 57 banks alone received an approximate \$17 billion reduction in income taxes in the 2017 tax reform through reduced tax rates. All other banks (5,622 institutions representing 99% of all U.S. banks) received an approximate reduction of only \$6 billion. By contrast, the tax expenditure related to the credit union tax status will total less than \$2 billion for ALL U.S. credit unions in 2018.
- // It's important to remember that any tax benefits accruing to credit unions do not seem to be harming banks in any way. **Banks continue to report a 93% market share of financial institution assets.** Moreover, all of the credit union tax benefits are passed on to members in the form of higher yields on deposits and lower fees and rates on loans. By contrast, a substantial proportion of bank tax savings are passed through to stockholders and employees.

Recent Bank Tax Benefits Dwarf Credit Union Tax Benefits And a Handful of the Largest Banks Benefit Most (Billions)

