



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
F: 703.524.1082
nafcu@nafcu.org

National Association of Federal Credit Unions | www.nafcu.org

October 23, 2013

The Honorable Patty Murray
Chairman
Senate Budget Committee
United States Senate
Washington, D.C. 20510

The Honorable Paul Ryan
Chairman
House Budget Committee
United States House of Representatives
Washington, D.C. 20515

Re: The Importance of Credit Unions to Our Nation's Economy

Dear Chairman Murray and Chairman Ryan:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions, I write today to remind you of the importance of credit unions as you prepare for a conference next week on the budget resolution. We understand and recognize the efforts by members of the budget committees in both chambers to review spending and put forward budget resolutions with recommendations to improve our country's fiscal situation and keep the economic recovery moving forward. NAFCU member credit unions stand ready to serve as a resource should the conference committee have questions related to community based financial service providers and how they spur economic growth.

As not-for-profit cooperatives with more than 96 million member owners, credit unions provide local communities with basic financial service products and have an outstanding record of serving Main Street America. During the recent government shutdown, for example, many credit unions serving affected members offered special incentives and lending programs to ensure they could manage their personal finances during such uncertainty. Credit unions serving military field-of-memberships were also prepared to step in should our troops have been impacted.

The good work of our nation's credit unions cannot be overstated, as the cumulative benefit credit unions provide the greater economy totals over \$10 billion a year according to an independent study released by NAFCU last year. As the study also shows, altering the tax status of credit unions would have a devastating impact not only on credit union members across the country, but also on consumers and small businesses in general. Eliminating the credit union tax exemption would result in the loss of 150,000 jobs a year, a shrinking of the GDP and a net *loss* of revenue to the federal government. I have enclosed a copy of the study with this letter.

Should the conference committee begin to look at tax reform and raising revenue, there may be those who would urge you to take steps to eliminate the credit union tax exemption as part of this process. Despite what they may claim, there remain significant regulatory and statutory

The Honorable Patty Murray
The Honorable Paul Ryan
October 23, 2013
Page 2 of 2

differences between not-for-profit member-owned credit unions and other types of financial institutions – including limits on who they can serve and their ability to raise capital. As you know, during the financial crisis credit unions didn't participate in the TARP bailout and continued to lend to consumers and small businesses left behind by our nation's mega-banks.

Credit unions help facilitate our nation's economic growth through lower loan rates, higher interest on deposits, and lower fees. As described above, any effort to impose any new tax on credit unions would strike at the very core of how credit unions have operated since their inception and would have a negative impact on credit union members, other consumers, small businesses and the larger economy. It is with this in mind that we urge you to oppose any efforts to change the credit union tax exemption as part of your conference committee.

We look forward to working with you as the budget conference committee moves forward and hope you will keep our comments in mind as you conduct your work. If my colleagues or I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact me or NAFCU's Director of Legislative Affairs, Jillian Pevo, at (703) 842-2836.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Thaler", with a long horizontal line extending to the right.

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Budget Conference Committee

Enclosures: Feinberg-Meade Study on the Economic Benefits of the Credit Union Tax Exemption to Consumers, Businesses, and the U.S. Economy