

June 15, 2022

The Honorable Nancy Pelosi
Speaker
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Re: Oppose H.R. 2543 to prevent expansion of credit union powers without accountability

Dear Speaker Pelosi and Minority Leader McCarthy:

On behalf of the Independent Community Bankers of America (ICBA), the undersigned state banking associations, and the thousands of community banks we represent, we write to express our strong opposition to H.R. 2543, which is scheduled for floor consideration today. While we support the intent of the legislation and provisions that would strengthen minority depository institutions (MDIs), the tax-exempt credit union sector has attached a “poison pill” – H.R. 7003, which would expand the fields of membership and commercial lending powers of tax-exempt credit unions without ensuring they actually serve low-income individuals. It is inappropriate for the credit union industry to expand their reach under the guise of racial and economic equity. Because the Rules Committee did not make in order an amendment to remove that section of the bill, we urge all members of the House to vote against H.R. 2543.

Tax-exempt credit unions have failed to serve people of modest means or implement formal documentation of service to low-income individuals. Despite their generous tax subsidy, credit unions are not subject to the Community Reinvestment Act (CRA), and the National Credit Union Administration (NCUA) has witnessed a sharp rise in consumer complaints, a reduction in fair lending exams, and sinking consumer satisfaction with credit unions in recent surveys. Today, the credit union sector is dominated by multi-billion-dollar, national-reach institutions focused on commercial lending. Recently, a large credit union partnered with Goldman Sachs to redevelop the D.C. waterfront, displacing residents with high-end offices and million dollar-plus residencies and boat slips. This is not serving people of modest means.

H.R. 7003 would expand taxpayer-subsidized credit unions’ fields of membership and commercial lending powers to include low-income and underserved areas, without subjecting credit unions to proper documentation or oversight to determine if low-income people are served.

Our fundamental objection to the approach represented by H.R. 7003 is that it is focused on low-income *areas* rather than specifically on low-income *families and individuals*. Many low-income census tracts, particularly in gentrifying urban areas, are home to higher income households. Geography alone is a poor proxy for household income, and until credit unions are subject to CRA-like requirements there will be no accountability to ensure they are serving customers of modest means. The bill would allow tax-subsidized credit unions to continue to “cherry pick” higher-income households, while their lower-income neighbors would be neglected, or their deposits used to fund lending to higher income consumers or commercial businesses. H.R. 7003 represents a missed opportunity to ensure that credit unions are serving low-income populations and fulfilling their tax-exempt mission.

In addition, H.R. 7003’s expansion of credit union commercial lending powers represents a further erosion of a tax-exempt charter designed to meet the *consumer* financial needs of low- and moderate-income households. Today, all “low-income credit unions” have unlimited commercial lending powers.

Taxpaying community banks will continue to meet the needs of credit worthy businesses in all demographics.

We urge all members of the House to vote against H.R. 2543.

Thank you for your consideration.

Sincerely,

Independent Community Bankers of America

Arizona Bankers Association

California Community Banking Network

Connecticut Bankers Association

Community Bankers Association of Georgia

Community Bankers Association of Illinois

Community Bankers of Iowa

Bluegrass Community Bankers Association

Maine Bankers Association

Massachusetts Bankers Association, Inc.

Independent Community Bankers of Minnesota

Missouri Independent Bankers Association

Nebraska Independent Community Bankers

New Jersey Bankers Association

Independent Bankers Association of New York State

Independent Community Banks of North Dakota

Community Bankers Association of Oklahoma

Pennsylvania Association of Community Bankers

Independent Community Bankers of South Dakota

Independent Bankers Association of Texas

Alabama Bankers Association

Arkansas Community Bankers

Independent Bankers of Colorado

Florida Bankers Association

Idaho Bankers Association

Indiana Bankers Association

Community Bankers Association of Kansas

Louisiana Bankers Association

Maryland Bankers Association

Community Bankers of Michigan

Mississippi Bankers Association

Montana Independent Bankers

New Hampshire Bankers Association

Independent Community Bankers Association of New Mexico

North Carolina Bankers Association

Community Bankers Association of Ohio

Oregon Bankers Association

Independent Banks of South Carolina

Tennessee Bankers Association

Vermont Bankers Association

Virginia Association of Community
Banks

Community Bankers of West Virginia

Wyoming Bankers Association

Community Bankers of Washington

Wisconsin Bankers Association