Jun October 7, 2025

DCUC
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW
Suite 935
Washington, DC 20006

202.734.5007
www.dcuc.org

Jason Stverak
Chief Advocacy Officer

November 17, 2025

The Honorable French Hill
Chairman, House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member, House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Tim Scott
Chairman, Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Opposition to requiring federal credit unions to file IRS Form 990

Dear Chairman Hill and Ranking Member Waters and Chairman Scott and Ranking Member Warren:

On behalf of the Defense Credit Union Council (DCUC) and the more than 144 million credit union members across the nation, I am writing to express our strong opposition to any proposal that would require federal credit unions to file IRS Form 990. We respectfully urge you to preserve the longstanding policy that exempts federal credit unions from this annual IRS filing, and to oppose any legislative or regulatory efforts to overturn that exemption. This policy has stood for over five decades, reflecting Congress's recognition of credit unions' unique mission and structure, and it should not be rolled back at the behest of those seeking to undermine credit unions' tax-exempt status.

Historical Rationale for Exemption: Federal credit unions have *never* been subject to the Form 990 filing requirement, by design. In 1971, Congress affirmed an exemption that has been in place for 54 years, and the IRS confirmed in 1988 that federal credit unions (as instrumentalities of the U.S. government) are not required to file Form 990. Unlike charitable nonprofits, federal credit unions have no federal income tax liability, so forcing them to file a Form 990 would provide virtually no new tax information to regulators. The exemption is not a loophole; it is a deliberate policy reflecting the fact that credit unions are **member-owned, not-for-profit cooperatives**, created to serve people of modest means. Since the 1930s, Congress has granted credit unions tax-exempt status in recognition of their special role – every dollar of earnings is reinvested in members through lower loan rates, higher savings returns, and reduced fees.

Requiring Form 990 would not change this fundamental reality; it would only impose a new burden on institutions whose **sole purpose** is to serve their member-owners and communities.

Existing Oversight and Transparency: The claim by some proponents that a Form 990 mandate is needed for "transparency" is wholly misplaced. Federal credit unions are already subject to **rigorous oversight and disclosure**. Every quarter, they submit detailed financial reports to the National Credit Union Administration (NCUA) – akin to 10-Q reports – covering roughly **3,400 data fields** on their loans, investments, deposits, income, expenses, executive compensation, and more. This comprehensive data is reviewed by regulators and much of it is publicly accessible. In other words, **credit unions are not opaque**. The Form 990, which largely duplicates information already collected by regulators, would **yield no material new insights** but would create unnecessary paperwork and costs. Even the IRS's own officials have noted that because federal credit unions have no taxable income, Form 990 is aimed only at providing public information, not facilitating any tax compliance. We firmly believe that transparency should be achieved through efficient regulatory oversight, not through duplicative IRS filings that divert resources away from credit unions' core mission.

Burdens Divert Resources from Members: Imposing a Form 990 requirement on federal credit unions would saddle them with **significant administrative burdens**, especially for small and mid-sized credit unions. Preparing the extensive Form 990 is a costly and time-consuming process, one that would **divert staff time and financial resources away from serving members**. Credit unions exist to serve their members – including many military servicemembers and veterans – by providing affordable financial services, financial education, and community support. The money and time spent on compiling an IRS Form 990 each year would inevitably come at the expense of member-focused programs. It is no exaggeration to say that **every dollar spent on unnecessary compliance is a dollar not used to offer a lower interest rate on a loan, a higher yield on a savings account, or a free financial counseling session**. The current exemption enables credit unions to **reinvest earnings into their communities** through better rates and lower fees; adding new red tape would undermine these direct member benefits without any offsetting public benefit.

Context – A Push Driven by Bank Lobbyists: It is important to understand that this sudden push to require Form 990 from federal credit unions is not coming from regulators or the general public, but from a segment of the banking industry. Recent reports indicate that banking trade associations have been circulating a draft letter urging the Treasury Department to **roll back the 54-year-old exemption** for federal credit unions. This coordinated campaign is part of a broader effort by some banks to paint large credit unions as indistinguishable from banks and position them for new taxes and restrictions. Notably, this banker-led effort intensified immediately after credit unions provided critical aid to Americans during a recent federal government shutdown. When the shutdown left many military families and federal workers without pay, credit unions across the country sprang into action – offering no-interest relief loans, waiving fees, and helping servicemembers and furloughed employees access emergency funds. **Instead of applauding** these efforts, the banking lobby responded by pushing to force credit unions to file Form 990 as a **"retaliatory penalty,"** thinly disguised as a call for "transparency". This context makes clear that the Form 990 proposal is not truly about transparency or good governance – it is a tactical move by bank lobbyists aimed at undermining the credit union model. We urge you to see this push for what it is and to stand firmly against it.

Banking Industry Double Standards: The transparency argument advanced by bank lobbyists is especially ironic given the banking industry's own transparency gaps. For example, many banks elect Subchapter S tax status, meaning they pay no corporate income tax and **disclose very little about their tax obligations** or how those tax savings are used. There is **no public Form 990 or equivalent** for these Subchapter S banks, and because their profits are taxed only at the shareholder level, the effective tax rates they pay are largely hidden from taxpayers and policymakers. In fact, roughly one-third of all banks in the U.S. take advantage of this Subchapter S loophole to avoid corporate taxes entirely.

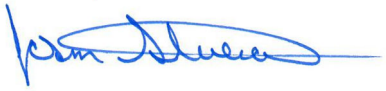
These banks enjoy billions of dollars in tax breaks – the 2017 tax law alone delivered an estimated **$447 billion** in tax relief to banks over ten years, **roughly 16 times** the cost of the credit union tax exemption. Yet we do not see the banking lobby volunteering *their* industry for additional disclosure requirements. This double standard underscores that the campaign against credit unions' Form 990 exemption is not being driven by principled concern for transparency or fairness. Rather, it is an attempt by bank competitors to impose costs and public-relations burdens on credit unions, a sector that they view as a threat. We ask you, as leaders in Congress, not to let the levers of policy be misused in this way.

The Credit Union Difference: Defense credit unions, in particular, exemplify the public good that comes from the credit union model. These institutions routinely "**show up**" for military families in ways that big banks often do not. For example, defense credit unions advance pay to servicemembers during government shutdowns, offer special low-cost loans and financial counseling to young enlisted personnel, and maintain branches on remote military bases where other financial institutions won't go. They do this not because it's profitable (indeed, much of it is provided at no profit), but because it fulfills their mission to serve those who serve our nation. This is the cooperative, community-focused ethos that Congress sought to nurture by granting credit unions tax-exempt status in the first place. It is **precisely the opposite** of the profit-maximizing approach of banks. Imposing new unnecessary reporting mandates on credit unions would only weaken these institutions and hamper their ability to serve communities. That outcome would ultimately hurt consumers – not just credit union members, but also the many Americans who benefit indirectly from credit unions' presence (through more competitive rates in the market and services in areas that might otherwise be neglected).

Conclusion and Request: In summary, requiring federal credit unions to file IRS Form 990 is *unwarranted* and *counterproductive*. It offers no meaningful gains in transparency or oversight, yet it would inflict new costs on member-owned institutions and diminish the value they provide to our constituents. Congress has upheld the credit union tax exemption and reporting exemptions for decades because they work – they enable credit unions to focus on what they do best: serving their members and communities, rather than diverting resources to bureaucracy. We urge you to **reject any proposal to eliminate or narrow the Form 990 exemption for federal credit unions**. Instead, we ask that you continue to support the credit union difference and resist attempts by special interests to erode the policies that allow credit unions to thrive. Doing so will protect millions of consumers, including military families, who depend on credit unions for fair and affordable financial services.

Thank you for your consideration and for your leadership in overseeing our nation's financial system. We appreciate your long-standing recognition of the importance of credit unions. If you have any questions or need further information, please do not hesitate to contact me at (202) 557-8528 or via email at jstverak@dcuc.org. We stand ready to work with you to ensure that credit unions can continue fulfilling their vital mission.

Sincerely,



Jason Stverak
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CC: Members of the House Committee on Financial Services; Members of the Senate Committee on Banking, Housing, and Urban Affairs.