



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW  
Suite 935  
Washington, DC 20006

202.734.5007  
www.d cuc.org

**Anthony R. Hernandez**  
President/CEO

July 12, 2024

The Honorable Mike Rogers  
Chairman  
Committee on Armed Services  
2216 Rayburn House Office Building  
Washington, DC 20515

The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
2216 Rayburn House Office Building  
Washington, DC 20515

**Re: Preserving the Credit Union Tax Exemption**

Dear Chairman Rogers and Ranking Member Smith:

On behalf of the Defense Credit Union Council and over 37 million members who rely on defense credit unions to keep costs low, we respectfully ask Congress to protect the credit union industry's tax exemption status by rejecting controversial calls to curb the federal exemption from income taxes for our nation's credit unions. As certain provisions within the 2017 Tax Cuts and Jobs Act expire, it is outrageous that anyone would expect credit unions to be taxed the same as large banks, such as Wells Fargo and Bank of America, who regularly earn billions in profits. We thank Congress for its long history of recognizing the differences between banks and credit unions, particularly defense credit unions who serve our military and veteran communities.

The existence of a tax-exempt credit union industry has long been a bulwark against banks' higher interest rates on loans and costly checking accounts. In fact, as consumers compare the financial benefits offered between the two types of financial institutions, they benefit from having a choice in the marketplace. This is especially true on military bases and in veteran communities who are already struggling to make ends meet. Once credit unions are taxed, the choice is severely diminished, and costs will increase. This will reduce the financial readiness of our service members.

Defense credit unions are responsible lenders and have always offered quality products and services to keep predatory lending away from our military. This is why our member credit unions are dedicated to all DoD personnel and their families.

Apart from comparatively lower rates and free checking accounts for members, defense credit unions also provide mission essential cash for deployments and daily federal deposit services to the government for free. Plus, defense credit unions provide stronger community support in the face of morale, recreation and welfare funding shortfalls as credit unions remain the only not-for-profit, member-owned financial institutions on the installation. This support is greatly diminished when credit unions are taxed.

Unlike commercial and community banks, savings from the credit union industry's tax exemption are directly passed on to the members and their military communities as there are no third-party dividends to stockholders limiting this support. Once the tax exemption is gone, credit unions would be no different than banks. Plus, credit unions are the only democratically controlled, not-for-profit option in Financial Services with a mission to promote thrift and provide access to credit in many diverse communities. It simply is not worth losing this important resource for America's households.

*Serving Those Who Serve Our Country*

A better alternative is to preserve the credit union tax exemption versus taxing both types of institutions. If banks want to be treated like credit unions, they need to start acting like them. Equal treatment needs to focus on service, structure and ethos, not increasing the bank's profit sustainability. Our service members and their families deserve more!

If there are further questions regarding this matter, please contact me at (202) 734-5007 or at [ahernandez@dcuc.org](mailto:ahernandez@dcuc.org).

Thank you for the opportunity to bring this important matter to your attention.

Sincerely,

A handwritten signature in blue ink, appearing to read "Anthony Hernandez". The signature is fluid and cursive, with the first name "Anthony" and the last name "Hernandez" clearly distinguishable.

Anthony Hernandez, Colonel, USAF, Retired

cc: Members of the House Armed Services Committee