



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
Chief Advocacy Officer

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The Honorable French Hill
Chairman
Financial Services Committee
United States House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Financial Services Committee
United States House of Representatives
Washington, DC 20515

The Honorable Tim Scott
Chairman
Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Elizabeth Warren
Ranking Member
Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

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

I am writing on behalf of the Defense Credit Union Council (DCUC) and the over 40 million members of defense credit unions as well as the entire credit union industry to share important insights regarding credit unions' tax-exempt status and to counter persistent misinformation from the banking industry. A recent article in [*CU Today*](#), titled "[Debunking Misconceptions: The Truth About Credit Unions' Taxation and Community Banking](#)," provides an excellent overview of why this status is not only justified but essential to the mission of credit unions.

Credit unions were granted their tax-exempt status by Congress in the 1930's in recognition of their unique not-for-profit structure and their mission to serve members rather than generate profits. Unlike banks, credit unions operate as member-owned cooperatives, and earnings are reinvested to directly benefit their members. These benefits include lower interest rates on loans, higher returns on savings, and lower fees.

This tax status allows credit unions to focus on serving communities—especially those who might otherwise be left behind by traditional financial institutions. For example, defense credit unions provide critical services to military service members, veterans, and their families, including:

- **Affordable financial products and services:** Defense credit unions offer low-cost loans, competitive mortgages (including VA home loans), and credit-building opportunities tailored to the needs of military families.

- **Financial education and readiness programs:** Credit unions invest heavily in programs that teach service members and their families how to budget, save, and build wealth, enhancing financial stability.

- **Support for underserved communities:** Credit unions are often the only financial institutions willing to serve rural or underserved areas, offering vital access to banking services and improving economic outcomes.

Despite this, banks continue to claim that credit unions' tax exemption provides an unfair advantage. This narrative conveniently ignores the fact that banks operate as for-profit entities, returning profits to shareholders rather than reinvesting in their communities. It also overlooks the substantial tax breaks banks receive, such as the subchapter S tax exemption, which allows nearly one-third of banks to avoid paying federal income taxes.

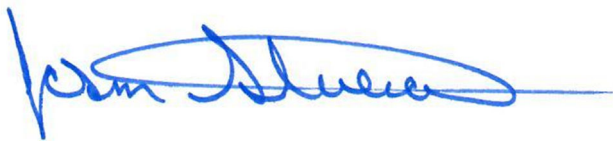
If credit unions were taxed as banks are, the impact on the military community and underserved populations would be devastating. Taxing credit unions would force them to raise fees, reduce lending, and scale back the programs that provide critical support to service members and their families—many of whom already face unique financial challenges due to frequent relocations and deployments.

Defense credit unions represent a powerful example of the good that can come from policies that encourage financial inclusion. **Their tax-exempt status isn't a loophole or subsidy; it's a recognition of their unique role in serving the public good.**

Thank you for the opportunity to discuss this issue further and provide additional insights into the critical work defense credit unions are doing in your district/state. This conversation is essential as we work to counter misinformation and ensure that policy decisions reflect the unique contributions of credit unions.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at jstverak@dcuc.org.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: The Honorable Donald J. Trump, POTUS
Members of the US House and US Senate