

July 29, 2025

The Honorable Kenneth Kies  
Assistant Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Ave., NW  
Washington, D.C. 20220

Dear Assistant Secretary Kies:

The undersigned state bankers associations write to encourage the Treasury Department to publish a study on the \$2.37 trillion credit union system to determine whether its current activities align with its longstanding tax-exempt status. Congress enacted the Federal Credit Union Act in 1934 to expand access to financial services for individuals of modest means. However, credit unions have become increasingly complex, and their recent activities call into question whether they should still qualify for their tax exemption. Congress last examined their tax treatment almost 20 years ago.<sup>1</sup>

According to the National Credit Union Administration, “consistent with long-running trends, credit unions with assets of at least \$1 billion reported the strongest growth in loans and membership over the year ending in the first quarter of 2025,” and there are now more than 450 such credit unions.<sup>2</sup> Seemingly at odds with their mission and structure, these credit unions acquire commercial banks, offer nationwide membership, and sponsor professional sports teams. They even draw tax-exempt income from business entities for IT, insurance and other services. Their growth suggests that they are operating like banks without the same requirements, including federal corporate income tax obligations.

In 2024, credit unions announced a record 22 bank acquisitions targeting about \$11.8 billion in bank assets.<sup>3</sup> One federal credit union even bought the multi-million-dollar naming rights to the Washington Commanders NFL stadium.<sup>4</sup> Credit unions have significantly deviated from their congressionally mandated mission to provide credit to those with modest means and have become large enough that they no longer need the same protections under the tax code.

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<sup>1</sup> <https://www.congress.gov/event/109th-congress/house-event/LC13455/text>.

<sup>2</sup> <https://ncua.gov/files/publications/analysis/quarterly-data-summary-2025-Q1.pdf>

<sup>3</sup> <https://bankingjournal.aba.com/2025/03/aba-databank-credit-unions-buy-record-number-of-banks-in-2024/>.

<sup>4</sup> [https://www.wsj.com/opinion/businesses-that-really-should-be-paying-taxes-f1060712?mod=article\\_inline](https://www.wsj.com/opinion/businesses-that-really-should-be-paying-taxes-f1060712?mod=article_inline).

Given how the credit union industry has changed, we believe it is time to evaluate credit unions' tax-exempt status. For example, federal credit unions are classified as government instrumentalities, which allows them to avoid filing Form 990 like other nonprofit organizations and thus conceal pertinent information about executive compensation and other relevant data.<sup>5</sup>

It is this kind of opacity that has enabled credit unions to offer complex investment products and even wealth management opportunities for consumers—activities that are far beyond what Congress initially intended when it afforded the federal income tax exemption to credit unions. The IRS's designation of federal credit unions as government instrumentalities should be examined.

The Treasury Department should also provide recommendations about whether Congress should introduce legislation that would require all credit unions to pay federal income tax and compel federal credit unions to pay unrelated business income tax (UBIT) like other nonprofits. This aligns with President Trump's efforts to "bring accountability and transparency to federal spending, ensuring taxpayer dollars are spent wisely and effectively," so this scrutiny would be consistent with White House policy.<sup>6</sup>

And while Treasury projects that the credit union tax exemption will cost \$32.2 billion from Fiscal Year 2025 to 2034, it should also assess the revenue impact of federal and state credit unions on state and local governments.<sup>7</sup>

We respectfully request that the Treasury Department review credit unions' tax-exempt status and provide regulatory and legislative recommendations.

Thank you for your attention to this matter.

Sincerely,

Alabama Bankers Association

Alaska Bankers Association

Arizona Bankers Association

Arkansas Bankers Association

California Bankers Association

Colorado Bankers Association

Connecticut Bankers Association

DC Bankers Association

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<sup>5</sup> <https://www.irs.gov/pub/irs-tege/rr89-094.pdf>.

<sup>6</sup> <https://www.whitehouse.gov/issues/doge/>.

<sup>7</sup> <https://home.treasury.gov/system/files/131/Tax-Expenditures-FY2026.pdf>.

Delaware Bankers Association  
Florida Bankers Association  
Georgia Bankers Association  
Hawaii Bankers Association  
Idaho Bankers Association  
Illinois Bankers Association  
Indiana Bankers Association  
Iowa Bankers Association  
Kansas Bankers Association  
Kentucky Bankers Association  
Louisiana Bankers Association  
Maine Bankers Association  
Maryland Bankers Association  
Massachusetts Bankers Association  
Michigan Bankers Association  
Minnesota Bankers Association  
Mississippi Bankers Association  
Missouri Bankers Association  
Montana Bankers Association  
Nebraska Bankers Association  
Nevada Bankers Association  
New Hampshire Bankers Association  
New Jersey Bankers Association  
New Mexico Bankers Association  
New York Bankers Association  
North Carolina Bankers Association  
North Dakota Bankers Association  
Ohio Bankers League  
Oklahoma Bankers Association  
Oregon Bankers Association  
Pennsylvania Bankers Association  
Puerto Rico Bankers Association  
Rhode Island Bankers Association  
South Carolina Bankers Association  
South Dakota Bankers Association  
Tennessee Bankers Association  
Texas Bankers Association  
Utah Bankers Association

Vermont Bankers Association

Virginia Bankers Association

Washington Bankers Association

West Virginia Bankers Association

Wisconsin Bankers Association

Wyoming Bankers Association