

December 12, 2014

The Honorable Tom McClintock  
United States House of Representatives  
434 Cannon House Office Building  
Washington, D.C. 20515-0504

Dear Rep. McClintock:

I wanted to draw your attention to a recently released report by Sen. Tom Coburn (R- Okla.) that highlights and identifies more than \$900 billion in giveaways throughout the Internal Revenue Code. In his *Tax Decoder* report, Sen. Coburn highlights one special interest tax break that is of particular interest to the California Bankers Association (CBA): the tax break given to credit unions, which according to the report, cost taxpayers \$2.1 billion in fiscal year 2014 and will cost \$11.9 billion through the 2018 fiscal year.

In quoting directly from the report, Sen. Coburn called the credit unions' tax exempt status "a skewed policy that benefits a select few at the expense of the many." He further stated that "Congress has diluted the original statutory intent and it is clear credit unions no longer have to subscribe to a common bond [and] no longer have the unique purpose of serving the needs of those with modest income," and added that the exemption "distorts competition within similar institutions and has no economic justification to exist."

The CBA has long advocated for an end to this multi-billion dollar tax subsidy. The credit unions of today are a \$1 trillion industry composed of many large, diversified credit unions that operate in almost every respect like commercial banks. There is no longer any valid reason why these large, bank-like credit unions should continue to retain their tax exemption.

Our association continues to welcome future opportunities to further discuss the merits of repealing the credit union tax exemption with you. We appreciate your continued consideration of our position on this issue.

Regards,

Rodney K. Brown  
President & CEO  
California Bankers Association