

January 22, 2025

The Honorable Tim Scott
United States Senate
104 Hart Senate Office Building
Washington, DC 20520

Dear Chairman Scott:

I write today on behalf of over 100-member credit unions of the Carolinas Credit Union League (League) to express our deep concern over the proposed changes to the credit union tax status. Our credit unions offer personalized financial services to nearly six million members throughout the Carolinas, helping to keep rates low and fees minimal, particularly for the traditionally underbanked.

Recently, the House Budget Committee released a comprehensive list of policy options that could be included in reconciliation. As part of this list, the Committee is seeking feedback from members on the viability of the various provisions, including eliminating the credit union tax exemption.

As member-owned, not-for-profit financial institutions, credit unions operate under a unique tax status that allows them to serve members with better rates, lower fees, and a focus on community empowerment. Credit unions are cooperative organizations, driven by the needs of their members, not by the demand for shareholder profits. Their model affords them the ability to reinvest any surplus earnings back into the credit union, providing tangible benefits to members and, by extension, the social and economic well-being of communities at large.

Moreover, their federal tax-exempt status allows them to invest in financial literacy education, provide grants to local nonprofits, and support community development projects that directly address the needs of neighbors. This focus on giving back helps stimulate local economies, create jobs, and ensure that families and individuals have the resources they need to thrive.

It is important to note that during the implementation of President Trump's Tax Cuts and Jobs Act of 2017, credit unions were not included in the provisions targeting corporate tax reductions. This exclusion underscores the fact that credit unions operate under a fundamentally different structure and purpose compared to for-profit financial institutions.

Continued recognition of credit unions' tax-exempt status is essential to maintaining benefits for members and the communities they serve. I ask for your support in recognizing and preserving



North Carolina
323 West Jones Street, Suite 200
Raleigh, North Carolina 27603

South Carolina
508 Hampton Street, Suite 300
Columbia, South Carolina 29201

the critical role that tax-exempt credit unions play in fostering economic opportunity and enriching communities.

Thank you for your time and attention to this important matter. I would be happy to provide further information or discuss how credit unions specifically contribute to the welfare of the communities you serve in Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Schline", is written in a cursive style.

Dan Schline
President/CEO
Carolinan Credit Union League