

Primary Topics of Discussion

1. Credit Union Tax Exempt Status
2. Regulation
3. Interchange
4. Propose Changes to the Federal Credit Union Act
5. CDFI Fund
6. Data Privacy and Cybersecurity

Issues

I. Credit Union Tax Exempt Status

- A. The expiration of key provisions of the Tax Cuts and Jobs Act of 2017 will create an economy-wide tax debate that will dominate much of the political conversation in 2025.
- B. This Administration has opted for a single Reconciliation bill approach to tackle tax and budget issues. Our goal is to not be included as a “pay-for” and retain our federal corporate income tax-exempt status.
- C. Credit unions have been exempted from paying federal corporate income tax since 1935.
- D. As member-owned not-for-profits, Congress has consistently affirmed that the credit union tax exemption is viable due to its numerous benefits for communities.
 - a. Credit union members in North Carolina see \$322 million annually in benefits as a result from the federal tax-exempt status.
 - b. Credit union members in South Carolina see \$160 million annually in benefits as a result from the federal tax-exempt status.
 - c. Nationwide, credit unions still pay nearly \$25 Billion in property, sales and employment taxes each year.

II. Regulation

- A. Consumer Financial Protection Bureau
 - a. The Biden CFPB engaged in “midnight rulemaking” in the last several months of the Administration.
 - b. Rohit Chopra was recently replaced by Acting Director Scott Bessent. We would like to request that Congress support Mr. Bessent pause rulemaking to properly review proposals, particularly concerning overdraft lending.
 - c. While much of the CFPB action is currently pending after recent actions, now is the time to push legislation that would **establish a bipartisan commission at the CFPB**.
- B. National Credit Union Administration
 - a. The recent designation of NCUA Board Chairman Kyle Hauptman is heartening.
 - b. Similarly to the CFPB, we would request that Congress encourage a complete review of regulatory proposals made by the previous Chair and their effects on credit unions.
 - c. While we need to stress the dangers of overregulation, credit unions also maintain the National Credit Union Administration as an independent regulator, which has its advantages.

III. Interchange

A. *Credit Card Competition Act*

- a. Would require that at least two networks are available in the credit card transaction process and allow merchants to choose the network through which a consumer's purchase is processed.
- b. Sens. Durbin (D-IL) and Marshall (R-KS) introduced this legislation last Congress. They are expected to reintroduce and once again get the language passed within larger bills.
- c. Senator Durbin held a Senate Judiciary Hearing on interchange in late November last year.

Opportunities

IV. Propose Changes to the *Federal Credit Union Act*

A. Credit Union Mortgage Lending Practices

Recent news stories have cast CU mortgage lending practices in a bad light. This is an opportunity to highlight the data that conveys the positive impact credit unions have on communities, particularly those that are underserved.

- a. We can stay ahead of this issue by being prepared to offer individual statistics from your credit union on lending practices.
- b. Opportunity: Gives a stark comparison between CUs and bank practices.

B. Increased Loan Maturities Legislation

- a. In years past legislation has been introduced that would provide the National Credit Union Administration Board flexibility to increase Federal credit union loan maturities.
 - RM Scott (R-SC) has introduced legislation in past Congresses.
 - ASK: Co-sponsorship of the *Expanding Access to Lending Options Act*.

C. *Credit Union Board Modernization Act*

- a. Would revise the required frequency of credit union board meetings from 12 per year to 6 per year.
 - The House passed the bill under Unanimous Consent.
 - We will need to both thank our House members as well as request that our delegation Senators push for the bill's passage to get to the President's desk.

V. Community Development Financial Institution

- A. We know that the CDFI Fund is a vital Treasury Department program that promotes economic growth in low-income communities across the country.
- B. If your credit union is CDFI designated, please share stories of the positive effects that have been made to the communities you serve.
 - a. We also want to highlight the need to uncomplicate the registration process and institute an ombudsman's office to help guide financial institutions through the process.

VI. Data Privacy and Cybersecurity

- A. Advocate on behalf of a comprehensive federal data privacy and security standard.
 - a. Multiple privacy frameworks at the federal and state levels create unnecessary compliance burdens for credit unions and generate confusion for consumers about the applicability of disclosures and the extent of their rights.
 - b. Please come prepared with statistics on fraud prevention as well as anecdotes highlighting the occurrence of scams, despite your CU's best efforts to prevent.