October 20, 2025

The Honorable Scott Bessent
Secretary
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220-0001

Dear Secretary Bessent,

We write you today to respectfully encourage you to reconsider the regulatory exemption that allows Federal credit unions to forgo the disclosure and transparency requirements outlined in Section 6033 of the Internal Revenue Code. While we value the role credit unions play in serving their members, greater transparency—particularly for the largest institutions—would better align with congressional intent and provide consumers and taxpayers with a fuller understanding of their operations.

Section 6033 was enacted by Congress to ensure that organizations granted the benefit of exemption from taxation are transparent and accountable to the public. Under the statute and relevant regulations, an organization exempt from taxation under section 501(a) is required to file an annual return on Form 990, on which the organization reports on its finances, governance, officer compensation, and general tax compliance.

Nearly all tax-exempt organizations, including, for example, state credit unions, foundations, charities, and institutions of higher education, file Form 990. However, in 1971, a change to the Treasury Regulations under Section 6033 exempted federal credit unions from this disclosure.[1] In 1971, federal credit unions were mostly small, local institutions with correspondingly small balance sheets and operations. Over time, many federal credit unions have grown substantially—some now operate at a scale comparable to large financial institutions and engage in similar commercial activities, such as broad advertising campaigns or sponsorships. These institutions play an important role in serving their members, but their size and scope have also made them among the nation's largest tax-exempt organizations.

---

[1] This regulation exempting credit unions from the reporting required by the statute was promulgated in response to the Tax Reform Act of 1969. However, that law actually *expanded* the reporting required by tax-exempt organizations, with the change driven by Congressional intent to require greater transparency. *See* Joint Committee Report JCS-16-70: General Explanation of the Tax Reform Act of 1969 at 52-53 ("The Congress concluded that experience of the past two decades indicated that more information is needed on a more current basis from more organizations and that this information should be made more readily available to the public...The Act makes several changes in the disclosure and publicity provisions. It requires that information returns are to be filed by additional exempt organizations; that additional information is to be supplied on the returns").

Currently, federal credit unions are not required to make certain disclosures that apply to nearly all other tax-exempt entities, including small community charities. We believe that enhancing transparency for larger federal credit unions would serve the public interest and align with the principles that already apply to state-chartered credit unions and other tax-exempt organizations

To the extent the Secretary is concerned with burdening small federal credit unions with the Form 990 disclosure requirement, the Secretary could exercise his authority to continue to exempt federal credit unions with fewer than $1 billion in assets from the Form 990 disclosure requirement, which would allow over 90% of federal credit unions to continue to rely on the exemption.

<u>We respectfully urge the Secretary to update the regulations so they are consistent with the statutory intent of section 6033 to protect the public interest and require federal credit unions to disclose their activities just like nearly every other organization benefitting from tax-exempt status is required to do.</u>

Sincerely,