

Wisconsin Bankers Association: Banks sign on to letter and testify in opposition to credit union expansion

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Wisconsin Bankers Association Opposes Senate Bill 451, Which Would Expand Authorized Activities and Powers of Credit Unions

At today's hearing of the Senate Committee on Financial Institutions and Revenue, the Wisconsin Bankers Association and member bankers from around the state expressed opposition to Senate Bill 451, which would provide credit unions with even more tools to grow beyond the intention of their original chartered mission much to the detriment of Wisconsin's taxpaying banks and citizens.

In the early history of the existence of credit unions, they were either employer-based or focused on serving well-defined neighborhoods to serve consumers of modest means, which is the rationale for their income tax-exempt status. It is not difficult today for almost anyone to become eligible for membership in one of Wisconsin's growth-oriented \$1 billion and larger credit unions. In the past eight years, Wisconsin has seen the acquisition of five tax-paying community banks to large credit unions, which translates to a direct loss of tax revenue for the State of Wisconsin.

"Continuing to require that credit unions only do business with members is inherent in the public policy rationale behind which the tax exemption is given," testified WBA President and CEO Rose Oswald Poels. "Making a substantive change to this foundational public policy principle as proposed in Senate Bill 451 should then also call into question, as other states have, the state tax exemption."

"In Wisconsin, there are 13 credit unions that are over \$1 billion in asset size that compete daily with banks like mine across the state. The services offered are no

different than those offered by banks, and yet the credit unions enjoy a significant advantage in their income tax-exempt status,” testified Capitol Bank President and CEO and WBA Board Chair Ken Thompson. “Capitol Bank regularly experiences competition from growth-oriented credit unions operating in our market. . . . Competition is normally healthy and good for consumers when all parties involved operate on a level playing field. However, that is not the case with the credit union industry.”

Joining WBA on a [letter respectfully opposing Senate Bill 451](#) as drafted are 87 banks from around the state. The letter explains that taxpayers can no longer afford to continue subsidizing the credit union industry; the goal is to have these large, aggressive credit unions return to their original mission or become subject to the same regulatory, supervisory, and tax requirements as banks.