



3 May 2023

The Honorable Jack Reed  
Chairman  
Senate Armed Services Committee  
Washington, DC 20510

The Honorable Roger Wicker  
Ranking Member  
Senate Armed Services Committee  
Washington, DC 20510

The Honorable Mike Rogers  
Chairman  
House Armed Services Committee  
Washington, DC 20515

The Honorable Adam Smith  
Ranking Member  
House Armed Services Committee  
Washington, DC 20515

Dear Chairman Reed, Chairman Rogers, Ranking Member Wicker and Ranking Member Smith:

For the past eight years, one of our most persistent challenges has been keeping banks on military installations. Most veterans know that banks and credit unions operating on military bases provide needed and valued financial services to the government and to military personnel and their families.

Over the past 20 years, the number of bases with banks has decreased by more than half (from 130 in 2004 to 64 in 2023). A third of the banks still on bases are ATM-only operations and many more banks are likely to end their on-base presence entirely in 2023. One of the principal reasons for this accelerating bank exodus has been the rising lease costs banks have had to pay – costs credit unions do not pay.

Since banks and credit unions have traditionally worked well together to meet the needs of the military families they serve, and because the legislative relief we seek would benefit both, we were disappointed to see that, once again, the credit union lobby sent you a letter opposing our efforts.

For the past eight years, we have proposed legislation in a variety of forms to enable on-base banks – over 75% of which are community banks – to continue operating. During this time, the credit union lobby has watched many on-base banks close their doors and recognized the fact that as each bank closes, their members' monopolies grow. While disappointing, their opposition is not surprising. It is motivated, not by the lofty goals expressed in their letter to you, but by their fear of the competition and collaboration between banks and credit unions from which military families have benefited for over a century.

For the past eight years, we have come to Congress seeking relief from the increasing costs DoD levies on banks because DoD has consistently refused to address this issue through policy. Although two different statutes govern the operation of banks and credit unions on military bases, both give DoD similar discretion in their application. DoD has exercised that discretion unfairly by waiving all credit union lease costs and requiring those costs from banks.

The credit union lobby letter to you suggested that a report the 2022 NDAA required from DoD concludes that the status quo provides sufficient financial support for military families. We see a much different picture. Despite the efforts DoD has undertaken to promote financial readiness among its personnel and their families, they can't do it alone. The traditional roles on-base banks

and credit unions have played in the financial education and resilience of military families remain as important today as ever.

The credit union lobby also suggested that this report established ways banks could qualify for “in-kind consideration” to offset lease costs. That is also untrue; the DoD report concluded that, although 10 USC §2667 allows in-kind consideration for “provision of financial or other services relating to activities that occur on the leased property,” DoD is not willing to extend such offsets to banks.<sup>1</sup> Before he retired from the Senate and because he objected to this disparate treatment, Senator Jim Inhofe included language in the 2023 NDAA requiring DoD to justify “any differences in the DoD policies that relate credit unions and banks located on military installations.” Congress is still waiting for this report; we hope it will acknowledge the unfairness of its 12 USC §1770 discretion to exempt credit unions from paying rent and its refusal to exercise similar discretion under 10 USC §2667.

Our approach this year is simple: the language we ask you to consider will require DoD to treat banks and credit unions equally by exempting both from rent requirements. This proposed legislation was originally included in the House version of the 2019 NDAA but did not survive conference. It was offered by Rep. Steve Russell (R-OK), who was also a veteran. It failed because the credit union lobby turned its support into opposition when a legislative counsel inadvertently eliminated language that would have included credit unions. We’ve included a corrected version of that legislative language for your consideration and, hopefully, your support.

The credit union lobby originally supported Rep. Russell’s effort because it would have replaced DoD’s discretionary rent waiver with a non-discretionary waiver. We support it today because it provides exactly the same benefit for banks and, thereby, increases the likelihood that they will remain on and return to military bases. In the hope that, after eight years, banks and credit unions might agree on a legislative formula that benefits both and especially benefits the military communities we serve together, we propose a joint meeting – your staffs, the credit union trade associations (DCUC, CUNA, and NAFCU), and us – to discuss and resolve the differences that have forced this journey to be longer and more difficult than it needed to be.

Very Respectfully,



Steven J. Lepper  
Major General, USAF (Ret.)  
President & CEO  
Association of Military Banks of America

/s/

Rebeca Romero Rainey  
President & CEO  
Independent Community Bankers of America

/s/

Rob Nichols  
President & CEO  
American Bankers Association

cc: House Armed Services Military Personnel Subcommittee Members  
Senate Armed Services Military Personnel Subcommittee Members

Attachment: Proposed Legislative Language

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<sup>1</sup> Department of Defense Report on Access to Financial Institutions on Military Installations, July 2022, at 4-5.