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June 9, 2022

The Honorable James P. McGovern
Chairman
Committee on Rules
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tom Cole
Ranking Member
Committee on Rules
U.S. House of Representatives
Washington, D.C. 20515

Re: Amendments to H.R. 2543

Dear Chairman McGovern and Ranking Member Cole:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to express our strong opposition to the inclusion of H.R. 7003 in H.R. 2543 (Subtitle B of Title V), which is scheduled to be marked up in the Rules Committee on June 13. H.R. 7003 would expand the fields of membership and commercial lending powers of tax-exempt credit unions without ensuring that they actually serve low-income individuals. **ICBA supports Amendment #10, submitted by Rep. Andy Barr, which would strike H.R. 7003 from the text of H.R. 2453. We ask that Amendment #10 be made in order for consideration on the House floor.**

Tax-exempt credit unions have failed to serve people of modest means or implement formal documentation of service to low-income individuals. Despite their generous tax subsidy, credit unions are not subject to the Community Reinvestment Act (CRA), and the National Credit Union Administration (NCUA) has witnessed a sharp rise in consumer complaints, a reduction in fair lending exams, and sinking consumer satisfaction with credit unions in recent surveys. Today, the credit union sector is dominated by multi-billion-dollar, national-reach institutions focused on commercial lending. Recently, a large credit union partnered with Goldman Sachs to redevelop the D.C. waterfront, displacing residents with high-end offices and million dollar-plus residencies and boat slips. This is not serving people of modest means.

H.R. 7003 would expand taxpayer-subsidized credit unions' fields of membership and commercial lending powers to include low-income and underserved areas, as defined in the bill, without subjecting credit unions to proper documentation or oversight to determine if low-income people are served.

Our fundamental objection to the approach represented by H.R. 7003 is that it is focused on low-income *areas* rather than specifically on low-income *families and individuals*. Many low-income

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census tracts, particularly in gentrifying urban areas, are home to higher income households. Geography is a poor proxy for household income. The bill would allow tax-subsidized credit unions to continue to “cherry pick” higher-income households, while lower-income neighbors would be neglected, or their deposits used to fund lending to higher income consumers or commercial businesses.

H.R. 7003 represents a missed opportunity to ensure that credit unions are serving low-income populations and fulfilling their tax-exempt mission. It would give credit unions greater access to higher-income households as well as deposits of lower-income households, without ensuring that those deposits are reinvested in low-income communities. There is a high correlation of fair lending violations with low- and moderate-income areas. Without proper oversight, H.R. 7003 would not help the communities it intends to protect.

Finally, with respect to the commercial credit needs of lower-income communities, taxpaying community banks will continue to meet the needs of credit worthy businesses in all demographics. In addition, all “low-income credit unions” have unlimited commercial lending powers. H.R. 7003’s further expansion of credit union commercial lending powers represents a further erosion of a tax-exempt charter designed to meet the *consumer* financial needs of low- and moderate-income households.

ICBA urges all members of the Rules Committee to allow Barr Amendment #10 to be made in order for consideration on the House floor.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the House of Representatives

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