

Testimony in Support of SB520
Submitted by: Pamela Leavitt, Northwest Credit Union Association
March 20, 2013

Good afternoon Chair Shields and Members of the Committee, my name is Pam Leavitt and I represent the Northwest Credit Union Association. The Northwest Credit Union Association represents the 72 state and federally-chartered credit unions in Oregon, representing 1.4 million Oregonians. Today, you will be hearing SB520 which updates the Oregon Credit Union Act in several areas.

Before we discuss the bill, I wanted to give you a little background on credit unions.

Structure

Credit unions are not-for-profit, cooperative financial service providers, driven by our members and democratically operated. For that reason alone, we are exempt from most state and federal income taxes, but we do pay significant property and payroll taxes. It is not because of our size or the services we provide—we are different than other financial services because of our structure. Oregonians reiterated their support of this structure in January of this year in a poll that found that 70% believe that credit unions should not have to pay corporate taxes because of their not-for-profit cooperative structure.

Value

All consumers benefit by having credit unions in the marketplace. Oregon credit unions put over \$121 million back into the pockets of members last year as a result of lower loan rates, free checking, higher rates on savings and other benefits. That equates to an average of \$170 per credit union household. Some Oregon credit unions returned an average of nearly \$300 per member household last year. The Oregon Tax Expenditure Report estimates a corporate tax on credit unions would generate a maximum of \$4.25 million a year. The cost/benefit analysis speaks for itself. Oregonians benefit greatly from the value credit unions provide.

Community

As not-for-profit cooperatives, our social mission is as highly valued as our financial mission, built upon a philosophy of ‘people helping people.’ Credit unions were chartered to serve working class people and that holds true today. The 72 credit unions in Oregon are integral parts of the communities they serve. In many communities, they are the only provider of financial services.

In Summary, Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. They are democratically owned and controlled institutions, based on the “people helping people” principle. Each credit union is governed by its members. The membership elects volunteer directors and officials who establish the policies under which the credit union operates. Over 40 percent of Oregonians are member-owners of their credit unions, and you will find them in every walk of life—from cattle ranchers in Central Oregon, to mill workers in the Willamette Valley, to fishermen on the Oregon Coast, to high-tech workers around the state. With more than 1.4 million members, Oregon credit unions strive to preserve a legislative climate that recognizes their unique structure and mission.

As locally-owned, not-for-profit financial institutions, a credit union's social mission is as highly valued as its financial mission. Community service, financial education outreach and philanthropy are in the credit union DNA and are evidenced in virtually every credit union branch and office. Credit unions invented the concept of financial institutions as “People Helping People.”

Credit unions’ tax structure has proved its worth and withstood challenge after challenge by the banks. Organizations receive tax exemptions because it is determined by state and federal officials that the organization’s benefit to citizens exceeds the benefits collected by taxes and relieves the government of providing services.

State and federal lawmakers have repeatedly upheld the cooperative, not-for-profit tax structure of credit unions and have rejected bankers’ attempts to limit consumers’ opportunities to join not-for-profit financial services cooperatives such as credit unions.