



Testimony in Support of SB582  
Submitted by: Pamela Leavitt, Northwest Credit Union Association  
March 4, 2015

Good afternoon Chair Beyer 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 65 state and federally-chartered credit unions in Oregon, which have 1.63 million Oregonians as members. Today, you will be hearing SB582 which updates the Oregon Credit Union Act in several areas.

Before our panel goes over 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, 2013 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. Last year, Oregon credit unions put \$103 million back into the pockets of members as a result of lower loan rates, free checking, higher rates on savings and other benefits. An independent analysis performed by economists at ECONorthwest found that as those benefit dollars were reinvested into the economy, the ripple effect buying power was \$206 million. 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.

## Impact

The ECONorthwest analysis found that Oregon credit unions drove \$1.9 billion in overall economic impact. Oregon's credit unions provide nearly 5,000 jobs, and each of those in turn supports more than 2.02 jobs for workers in other sectors, accounting for a total of 14,108 jobs supported. Credit unions were chartered to serve working class people and that holds true today. The 65 credit unions in Oregon are integral parts of the communities they serve. In fact, in many communities, they are the only provider of financial services. ECONorthwest documented 617,000 members are served by credit unions in rural Northwest communities.

**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 41.7 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 1.63 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.