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February 20, 2013

Mr. Douglas W. Elmendorf
Director
Congressional Budget Office
402 Ford HOB
Washington, D.C. 20515

Mr. Thomas A. Barthold
Chief of Staff
Joint Committee on Taxation
1625 Longworth HOB
Washington, D.C. 20515

Dear Mr. Elmendorf and Mr. Barthold:

Once again, the trillion-dollar, tax-subsidized credit union industry is pressing for consideration of legislation to expand their member business lending powers. Legislation recently introduced in the House, H.R. 688, would more than double the statutory cap Congress placed on member business loans from 12.25 percent of assets to 27.5 percent of assets. If Congress is to consider this legislation, it is critical that they have a timely and accurate understanding of the budgetary and taxpayer impact. As you know, federal credit unions are exempt from federal, state and local taxation. I respectfully urge official cost estimates be calculated for H.R. 688.

In 2010 CBO provided a revenue estimate for a similar bill, S. 2919 that would have raised the member business lending cap to 25 percent of assets. Based on the assumption that S. 2919 would shift loans from tax-paying banks to tax-exempt credit unions and thereby reduce tax revenue to the government, CBO estimated the revenue impact at \$354 million over the period 2010 to 2020. Because banks are currently meeting the needs of credit worthy businesses, as substantiated by numerous business surveys, any new credit union business loans allowed by the expanded powers in H.R. 688 would displace loans made by tax-paying banks.

Considering the focus on reducing the large federal budget deficit, we believe Congress should not act on this tax-exempt credit union industry expansion bill without understanding its full budgetary cost. We encourage you to provide a revenue estimate as soon as practical to help better inform the debate over this highly controversial legislation.

Thank you.

Sincerely,

/s/

Camden R. Fine
President and CEO

CC: House Ways & Means Chairman Dave Camp
House Ways & Means Ranking Member Sander M. Levin
Senate Finance Committee Chairman Max Baucus
Senate Finance Committee Ranking Member Orrin G. Hatch