



FOR IMMEDIATE RELEASE
April 13, 2005

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Tax Deadline Looms...And Credit Unions Celebrate

TALLAHASSEE- - As Americans everywhere rush to meet this week's notorious tax filing deadline, April 15, the appeal of lower taxes grows with the review of each W-2 form, receipt and expenditure. To individuals, families and small business owners, tax exemptions are as elusive as dust in the wind. And yet a recent study by the non-partisan Tax Foundation, based in Washington D.C., found that the estimated federal tax loss from credit unions' special tax exemption will exceed \$31 billion over the next ten years.

"Most Americans take their tax paying responsibilities seriously. We may not look forward to paying the tax bill, but we know the money contributes to our national security, our children's education, and health care for millions of elderly and disabled people," said FBA Chief Executive Officer Alex Sanchez. "Unfortunately, billion dollar credit unions are getting a free ride with their outdated and out-of-touch tax exemptions. In the world of billion dollar credit unions, April 15th is a day to celebrate."

The Florida Bankers Association has been a longtime advocate of a level playing field among financial institutions. Sanchez points out that all credit unions are not alike. There are credit unions that still operate in the way Congress intended—they serve a *limited and specific* group of people. Examples include the Longshoreman's Credit Union in Tampa or the St. James AME Church Credit Union in Miami. Then there are huge credit unions that have hundreds of millions of dollars in assets—some are more than a billion dollars strong. These multi-million and billion dollar credit unions do not a pay a dime in state or federal corporate income tax, and other taxes too.

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“Why should a working family of four pay more in taxes than a billion dollar credit union? Why should a small business owner, struggling to make payroll and eek out an honest living, pay more in taxes than a billion dollar credit union? Families are lucky if they get a sales tax holiday for a few days each year while billion dollar credit unions enjoy a year-round tax holiday. It simply isn't fair that these corporate conglomerate credit unions aren't contributing to the needs of society,” Sanchez added.

The Tax Foundation's study determined that as giant credit unions expand their membership, products and services, they are performing as banks and should be held to the same regulatory and tax standards as their tax paying competitors.

Instead of paying their fair share of state and federal tax, Sanchez says the mega credit unions are moving in the opposite direction by asking Congress to loosen current standards and allow the biggest credit unions to make more and larger business loans (through the Credit Union Regulatory Improvements Act—CURIA).

“As this power-grab by the large credit unions continues, more and more of our nation's tax burden will fall on the backs of individuals and families while billion dollar credit unions wonder if they should build a \$20 million or \$30 million headquarters—tax free.”

Florida Tax Watch has stated that the total tax exemptions granted to Florida credit unions is \$102.2 million. Of this amount, \$70 million are federal taxes, \$30.2 million are state taxes and \$1.9 million are local taxes.

“At a time when more and more people value personal responsibility, the largest credit unions are shirking theirs. We don't think the credit union tax bill will solve every local problem or eliminate the national debt, but we do believe that corporations with hundreds of millions of dollars in assets should pay their fair share in taxes. It's the right thing to do.”