

NEWS

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Poll: More Than Two-Thirds of Americans Think it is Unfair that Mega Credit Unions are Tax-Exempt

Majority of Americans would support Congress requiring credit unions with more than \$500 million in total assets to pay federal and state income taxes

TALLAHASSEE, Fla. — A recent national survey commissioned by the Florida Bankers Association and conducted online by The Harris Poll found that 68 percent of Americans think it is unfair that mega credit unions, defined as those with \$500 million or more in total assets, are exempt from paying state and federal income taxes. Approximately 7 in 10 registered Republicans (71 percent), Democrats (71 percent) and Independents (70 percent) would support Congress now requiring these mega credit unions to pay federal and state income taxes.

The survey polled more than 2,000 U.S. adults age 18 and older, of which more than 1,600 are registered voters.

The Florida Bankers Association is proposing a bill that will end the tax exemption for credit unions with gross assets exceeding \$500 million.

“Voters have spoken and seem to agree that there is no reason why mega credit unions, which enjoy the majority of all credit union industry profits and look and act just like taxpaying banks, should be free of taxation,” said Alex Sanchez, Florida Bankers Association CEO. “The findings from the poll show that the outdated exemption needs to end. It’s time to take off the masks of mega credit unions and level the playing field for all in the financial industry.”

Congress established credit unions 85 years ago to provide financial services to lower-income people with a common bond. To help support this, Congress exempted credit unions from paying federal and state income taxes. However, research findings reveal that Americans feel it’s time for a change.

- The majority of Americans (76 percent) agree that financial institutions, regardless of type, with \$500 million or more in total assets should have to pay federal and state income taxes



- 4 in 5 Americans (80 percent) agree there should be strict regulations in place on how profits of financial institutions that do not pay federal and state income taxes can be used

In 2018, credit union industry assets climbed to \$1.48 trillion, and more than 300 credit unions across the country had assets of more than \$1 billion at year-end.

Due to credit unions' tax advantage, today's community banks are facing extinction. Since 2012, nearly 40 banks have been bought out by credit unions. The survey research found that Americans disagree with these acquisitions.

- Three-fourths of Americans (75 percent) agree that mega credit unions that don't pay federal and state income taxes should not be allowed to buy out tax-paying community banks
- Three-fourths of Americans (75 percent) agree that requiring mega credit unions to pay federal and state income taxes would level the playing field for local community banks

For more information and a full summary of the research findings, visit www.floridabankers.com/fba/creditunions.

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Research Method

This survey was conducted online within the United States by The Harris Poll on behalf of Florida Bankers Association from September 26-30, 2019 among 2,040 U.S. adults ages 18 and older, among whom 1,668 are registered voters. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables and subgroup sample sizes, please email research@saltermitchellpr.com.

About Florida Bankers Association

The Florida Bankers Association (FBA) is the voice of Florida's banking industry. Established in 1888, FBA is one of the state's oldest trade associations. Our association is comprised of small, regional and large financial institutions that together employ tens of thousands of Floridians, safeguard more than \$500 billion in deposits and extend more than \$135 billion in loans. For more information, visit www.floridabankers.com.