

Thank you for joining us for our 2023 Spring / Summer Hike the Hill! It is a great time to be in Washington, DC as we continue providing clear, concise credit union messaging to our six-state GoWest Congressional delegation, as a strong, collective advocacy voice for the movement. Our meetings present a true opportunity to connect with key policymakers, to share your credit union story, and advocate for the following credit union priorities:

Protection of the Credit Union Tax Status

Credit unions are not-for-profit, cooperative financial services providers.

Ask: Protect the tax status of the nation's credit unions as they continue providing real, tangible value to their members, supporting the needs of communities, and providing greater access to financial services for consumers and businesses.

- Unlike for-profit financial institutions focused providing stockholders with strong dividends, credit unions reinvest their earnings directly in their members through direct benefits that might include things such as competitive interest rates that save their members money on their credit cards and loans, free financial education, and other relevant services consumers need to build a brighter financial future.
- Simply put, the credit union structure delivers real tangible value to member-owners -- our elected officials' constituents -- in each Congressional district, which makes a significant impact in the communities across the GoWest region.
- Credit unions do not chase risk but work to put money back into the pockets of their member-owners and bolster their overall financial position.

Financial System Safety and Soundness

Credit unions are the community-based financial institutions serving communities and constituents in your state.

Ask: Support options to bolster diversity and balance in the financial sector, by broadening service options for credit unions to serve more individuals, small businesses and communities.

As we have witnessed over the course of the last several months, there is unease in the financial services industry with prominent bank failures; however, credit unions have remained a stable depository for our members throughout this time. We have all read the reports presented to Congress on what caused these failures and what actions should be taken to ensure further failures and contagion do not spread to other segments of the financial services industry.

- Allow credit unions to serve a broader group of members, specifically small businesses within our communities, which will diversify deposit options for each citizen in our communities, while reducing concentration and risk in the "too big to fail" institutions.
- Update the Field of Membership (FOM) statutes that will allow credit unions to serve a broader group of the population, not just ones tied to where they work, attend school or church, or live.

- Provide additional liquidity options for credit unions, by modernizing the National Credit Union Administration (NCUA)'s Central Liquidity Fund (CLF), so it is an active liquidity source for the nation's credit unions, while specifically allowing agency relationships for small credit unions and providing access to privately insured credit unions.
- Work with the nation's credit unions to maintain deposit insurance equality with for-profit banks, while establishing a targeted small business deposit insurance fund at the NCUA that will protect payrolls and small business deposits, above deposit insurance levels, within credit unions.
- Expand and diversify the investment options and authority for credit unions and allow them to increase maturity limits on secondary mortgages from 15 years to market standards of 30+ years.

Interchange

Ask: Oppose expansion of the Durbin Amendment on Interchange to include credit cards. This misguided concept is outlined in the Credit Card Competition Act ([S. 1838](#) / [H.R. 3881](#)) and will limit access to financial services, weaken data protection / data privacy efforts, and ultimately hurt consumers.

Background: Credit unions receive interchange fees to support card services and guarantee payment for purchases. Interchange helps pay for fraud detection, theft protection measures, support for impacted consumers, to replace credit cards that have been compromised, and to cover losses due to fraud or data breach. Since 2011, the cost of providing these services has doubled for credit unions while interchange fees have remained stable for merchants, which many have offset by passing along the costs of the fees to the very consumers buying the products they sell. This means that consumers and credit unions are paying for these protections even though data breaches often occur on the merchants' systems.

Proposed legislation would extend price caps and limitations on the Interchange system for credit cards, which supporters claim would increase competition in the payment space, but it would in fact be a huge windfall for the mega-retailers at the expense of the security of the payments ecosystem and the financial health of everyday consumers.

Extending further caps and limitations on the Interchange system for credit cards will reduce access to financial services, and hurt the underserved or unbanked, especially in urban and rural banking deserts across the country. Reducing access to credit and banking services during financially challenged times will only hurt constituents, while benefiting large retail corporations.

SAFE Banking Act

Ask: Congressional offices in AZ, CO, OR, WA, and WY to co-sponsor and support passage of [S. 1323](#) / [H.R. 2891](#), legislation to provide financial services to legal cannabis industries. Pass SAFE Banking in the 118th Congress!

Thank: Senator Jeff Merkley (OR) for being the original sponsor of the SAFE Banking Act in the 118th Congress, and the following members of the Senate and House for their co-sponsorship of the companion legislation:

Sen. Mark Kelly (AZ)

Sen. John Hickenlooper (CO)

Sen. Cynthia Lummis (WY)

Sen. Kyrsten Sinema (AZ)

Sen. Ron Wyden (OR)

Sen. Michael Bennet (CO)

Sen. Patty Murray (WA)

Rep. Ruben Gallego (AZ-7)

Rep. Marie Glusenkamp-Perez (WA-3)

Rep. Earl Blumenauer (OR-3)

Rep. Lori Chavez-DeRemer (OR-5)

Background: A significant number of our members of Congress have worked diligently to pass the SAFE Banking Act, in the previous Congress, in order to ensure that legitimate cannabis-related businesses can have access to financial institutions, such as their local credit unions, to safely and securely perform their financial operations without fear of federal retribution from federal regulators. The momentum of the previous legislation stalled out, just before the 117th Congress adjourned. Future SAFE Banking legislation should ensure that proceeds or funds involved in the activities of cannabis-related business are not considered unlawful activity in the eyes of the regulator, subjecting the funds and the institution to anti-money laundering actions.

Good Governance in the Federal Credit Union Act

Ask: Support and co-sponsor [S. 610](#), the **Credit Union Board Modernization Act. The companion bill, [H.R. 582](#), was passed unanimously in the House.** The legislation will update the Federal Credit Union Act to allow credit union boards to meet not less than six times per year, rather than the current once-a-month requirement.

The Federal Credit Union Act includes outdated and archaic restrictions that keep credit unions from truly meeting the broad financial services needs of our member-owners. By taking simple, pragmatic steps to modernize antiquated sections of the Federal Credit Union Act, Congress can help credit unions further deliver people-over-profits financial services to more consumers, small businesses, and communities.

By reducing the number of required board meetings each year, credit union staff and director time, expenses, and resources can be channeled toward offering services to their consumer members.

Thank: Senator Kyrsten Sinema (AZ) for sponsoring the Senate version of this legislation, members of the House for their unanimous support and passage of H.R. 582, and the following members for their co-sponsorship of the companion bills in the House and Senate:

118th Congress Co-Sponsors:

Sen. Kyrsten Sinema (AZ)
Sen. Cynthia Lummis (WY)

Sen. Mike Crapo (ID)

Sen. John Barrasso (WY)

Rep. Brittany Pettersen (CO-7)
Rep. Derek Kilmer (WA-6)

Rep. Russ Fulcher (ID-1)

Rep. Earl Blumenauer (OR-3)

Background: The Federal Credit Union Act currently requires that a credit union board meet once a month, which made sense when the Act was passed in 1934. This outdated requirement forces credit union boards and staff to spend time and resources organizing board meetings every month rather than focusing on member services. It can take hundreds of hours of staff time to prepare for a board meeting, and monthly meeting requirements create travel burdens for the Board of Directors. This is especially burdensome in rural areas, for small credit unions, and during emergencies, such as the pandemic, when credit unions should be focused on helping members. *This is a non-controversial piece of legislation that is pragmatic and supported by leadership on both sides of the aisle. **It has already passed the House**, and we would greatly appreciate support and potential co-sponsorship of this bi-partisan legislation as it heads to the Senate.*

Expanding Opportunities for Credit Unions to Serve Consumers

As mentioned previously, credit unions exist to serve the needs of their members. By providing more opportunities for credit unions to serve a broader group of consumers, across the nation, it will help diversify deposit options within each of our communities, while also reducing concentration risk in specific sectors of the financial services industry. This can be accomplished by getting rid of archaic barriers in the marketplace that are further outlined in the legislation below:

Member Business Loan Expansion

Ask: Support and co-sponsor efforts to increase or eliminate the **Member Business Lending cap** on credit unions.

Background: Credit unions are eager to aid local and community small businesses with access to capital and lending options; however, an outdated, artificial cap has been established on business lending capabilities. In the past, Congress has introduced legislation that would increase the threshold of loans that count against the Member Business Lending Cap, allowing credit unions to broaden their assistance to small businesses, including family farms and ranches. If the MBL cap were raised or eliminated it would inject billions in capital into small businesses and create tens of thousands of jobs in our region.

- [S. 539](#) – would allow credit unions to provide loans to Veteran-owned businesses without it impacting the credit unions' Member Business Lending cap.

Permanent Extension of the Central Liquidity Facility

Ask: Support and co-sponsor legislation that would permanently expand the CLF borrowing authority to pandemic levels and allow small credit unions agency membership in the CLF.

Background: By allowing small credit unions to gain an agency relationship with a corporate credit union, they can become a member of the CLF without having to pay high setup fees and pledge requirements. The goal would be to provide liquidity options for the broadest swath of the nation's credit unions and allow the CLF borrowing authority to remain at pandemic levels; however, additional modernization of the CLF is necessary to make it a truly active liquidity option and source for the nation's credit unions.

- [S. 544](#), would allow small credit unions to gain access to the CLF through an agency relationship with a corporate credit union.

Bolstering Community Development Financial Institutions

Ask: Continue to protect, promote, and fully-fund the CDFI program and allow low-income designated financial institutions to provide lending and business development opportunities in lower income, underserved, and/or disenfranchised communities.

Background: Credit unions have not strayed from their original mission and continue to provide their individual member-owners with an alternative financial services model, where deposits are utilized to improve the financial lives of members, all with the intent of creating opportunity. This model has resulted in a system that is resilient and has withstood numerous economic cycles relatively unharmed. Moreover, the credit union system aligns itself very well with programs and projects that work to provide opportunity and stability for underserved people and communities, which is the exact mission of the Community Development Financial Institutions (CDFI) Fund.

Related Legislation:

- **Scaling Community Lenders Act** – [S. 1442](#) – would adjust the maximum amount of CDFI assistance funds available to financial institutions to be adjusted for inflation. The legislation would also establish a secondary lending market for the CDFI based loans, which would provide additional funds and lending capability for CDFI purposes.

Ask: Senators to support and co-sponsor efforts to increase lending opportunities within the CDFI program.

Thank: Senator Mike Crapo (ID) for being an original sponsor of this legislation.

- **CDFI Transparency Act – [H.R. 3161](#)** - would require the CDFI Director to testify before Congress on annual basis if the Chair of the germane committee requests it.

Ask: Members of Congress to support and co-sponsor efforts to increase transparency in the CDFI program by providing regular or requested reports to Congress.

Thank: Rep. Brittany Pettersen (CO-7) for being an original sponsor of this legislation.

Dispelling the Myth of “Junk Fees”

Ask: Help us correct the myths around “Junk Fees.” The language is over-generalized and lumps all financial services providers in with the bad actors who are taking advantage of consumers. Credit unions, as not-for-profit financial cooperatives owned by their members, prioritize doing what’s right for them. And the reality of providing financial products and services requires the use of reasonable operational fees in some circumstances.

Background: There has been a lot of attention in the media lately about the Administration and Consumer Financial Protection Bureau (CFPB) targeting “Junk Fees.” A particular focus, including a lot of misinformation, has been placed on overdraft protection fees, late payment penalties on unsecured credit cards, and NSF fees. Credit unions have an opportunity to educate Members of Congress on how they use, not abuse, fees to support programs, services, and operations of their credit union.

- Credit unions have a longstanding commitment to improving members' financial lives.
- Many credit unions offer the flexibility of overdraft protection services, which allow members to opt-in to carry on in their financial lives and meet commitments during an emergency, without needing to resort to predatory payday lending.
- Credit unions have worked to reduce fees and impacts to members who utilize these services as an overall commitment to reduce costs to members.
- Credit unions are reputable, regulated institutions and these programs are one of the numerous tools that allow us, as not-for-profit cooperative financial services providers, to meet our members’ needs, maintain stable operations, and build trust with members at the same time.

Data Privacy / Data Protection

Ask: Congress to introduce and pass legislation that would provide a strong, national data protection and consumer notification standard with effective enforcement provisions.

Background: Retailers and other consumer-focused industries, do not face the same strict data security standards that financial Institutions are subject to under the Gramm-Leach-Bliley Act (GLBA); however, major merchant data breaches expose credit unions to significant monetary costs, fraud reimbursement expenses, and significant reputational risks.