

**Sample Letter to Congressman Phil English in Support of
Chairman Bill Thomas' Examination of Credit Unions
and Request for Hearings**

The Honorable Philip S. English (R-3rd)
House of Representatives
Room 1410 LHOB
Washington, D.C. 20515

RE: Support for Chairman Thomas' Examination of Credit Unions

Dear Congressman English:

As a Pennsylvania community banker, I write in support of House Ways and Means Committee Chairman Bill Thomas' courageous call for an examination of credit unions and the tax advantages they enjoy in competition with community banks.

My community bank is proud of the service we render to our local communities making housing more affordable, providing small business loans, and working with families to make college plans a reality. I know you recognize this service and we appreciate your strong support of community banks in Pennsylvania.

While we welcome competition among financial institutions, it must be fair and level competition. As you know, credit unions enjoy an enormous subsidy through the tax exemption they receive and yet their mission continues to change and expand beyond their original charters. They aggressively advertise for new members and for all intents and purposes, there is no longer a common bond for membership. Their tax subsidy will cost taxpayers \$1.36 billion in the coming fiscal year and \$7.88 billion cumulatively through 2009 (according to the fiscal year 2005 budget).

Chairman Bill Thomas plans to examine the tax advantages credit unions enjoy and we would respectfully request that as an influential member of the House Ways and Means Committee you support his plans for an examination including the convening of public hearings. We believe public hearings would allow the facts to be placed on the table and provide an opportunity for a full and honest debate on credit union tax exemption and the blurring and subversion of their original missions. According to a recent GAO study, credit unions serve a lower proportion of low-and moderate-income households than banks of comparable asset size. This is just one fact that we know would assist members of Congress in this debate.

Thank you for your consideration. Please do not hesitate to call upon the Pennsylvania Association of Community Bankers as a resource or certainly our financial institution as you consider this issue.