



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Jason Stverak**  
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**March 6, 2026**

**The Honorable Mike Johnson**  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

**The Honorable Hakeem Jeffries**  
House Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

**The Honorable John Thune**  
Senate Majority Leader  
United States Senate  
Washington, DC 20510

**The Honorable Charles E. Schumer**  
Senate Minority Leader  
United States Senate  
Washington, DC 20510

**RE: Preserving Credit Unions' Tax-Exempt Status and Regulatory Treatment in Upcoming Budget Reconciliation**

Dear Speaker Johnson, Leader Jeffries, Leader Thune, and Leader Schumer:

As widely reported in the national media, Congress is expected to take up another budget reconciliation bill in the near future. On behalf of the Defense Credit Union Council (DCUC) – representing over 200 defense-focused credit unions serving more than 40 million servicemembers, veterans, and their families – I am writing to **strongly urge** you to ensure that this and any future legislation **preserves credit unions' longstanding federal tax-exempt status and maintains their appropriate regulatory treatment**. DCUC's position on these issues has been clear and consistent: credit unions' unique cooperative mission and record of service to military communities merit **continued protection from harmful tax or regulatory changes**. We ask for your leadership in upholding these protections as Congress considers the next budget package.

For over ninety years, federal credit unions have been exempt from federal income tax in recognition of their special structure and public-service mission. Credit unions are **not-for-profit, member-owned cooperatives** – they exist solely to serve their members, not to generate profits for shareholders. This tax status is **not a loophole or subsidy**; it is a well-founded policy choice that reflects the substantial **public benefit** credit unions provide. Every dollar a credit union earns is reinvested into its community through lower loan rates, higher savings returns, and affordable financial services, rather than being paid out as dividends to investors. Congress itself reaffirmed the importance of this model in 1998 by passing the Credit Union Membership Access Act, underscoring that the rationale for credit unions' tax exemption “remains as valid today as it was decades ago”. In short, the federal tax exemption for credit unions exists because

*Serving Those Who Serve Our Country*

these institutions **earn it every day by fulfilling a special mission** – including on our nation’s military bases and in veteran communities. We respectfully insist that this vital status be left intact in any upcoming budget legislation.

Eliminating or curtailing the credit union tax exemption would not simply tax an industry – it would **punish millions of working families, servicemembers, and small businesses** who rely on credit unions for accessible, affordable financial services. DCUC has previously detailed the severe **negative consequences** that would result if this tax status were revoked. These include:

- **Higher costs for military families and other members:** Loan rates would rise, savings yields would fall, and essential services could be cut back, disproportionately impacting junior enlisted personnel and families on tight budgets.
- **Loss of access to safe financial services:** Many defense credit unions operate on military installations under narrow margins. New tax burdens could force branch closures, leaving servicemembers with few alternatives aside from predatory lenders off-base.
- **Weakened financial readiness in military communities:** Credit unions devote significant resources to financial education and tailored products for servicemembers and veterans – support that is critical to reducing financial stress and enhancing military readiness. If credit unions were taxed like banks, their ability to offer these mission-focused programs would be greatly diminished.

Indeed, objective analysis shows that doing away with the credit union exemption would inflict broad economic harm **far outweighing any minor fiscal benefit**. A recent study found that taxing credit unions would reduce overall economic activity by an estimated **\$120 billion** over the next decade and cost the economy **80,000 jobs per year**, while yielding only modest tax revenue in return. In other words, the price of eliminating this exemption would be paid by ordinary Americans and military families through fewer jobs, fewer services, and higher costs – an outcome that Congress must firmly reject. DCUC has consistently warned that such a move would undermine military readiness and harm millions of Americans who depend on credit unions’ community-focused financial services. We are grateful that, in last year’s budget process, Congress heeded these concerns and **left the credit union tax status untouched**, and we urge you to do the same again.

In addition to preserving the tax exemption, we ask that you **maintain the long-standing regulatory framework that recognizes credit unions’ unique role**, and refrain from advancing any measures that would subject credit unions to inequitable or overly burdensome regulation. **Credit unions are already highly regulated** by prudential authorities and operate under rigorous requirements tailored to their low-risk, member-first model. Imposing one-size-fits-all rules intended for for-profit banks – or attaching new constraints as a condition of their tax status – would only hamstring credit unions’ ability to serve their members without any commensurate benefit to consumers. For example, proposals such as arbitrary caps on interest rates or interchange fees may be well-intentioned, but they would **unintentionally restrict access to credit and affordable services** for military families, all while cutting off revenue that credit unions use to fund things like fraud protection, financial counseling, and member rewards. Similarly, applying bank-like capital or reporting requirements to credit unions, despite their different risk profile, would place undue stress on community-based institutions and divert resources away from member service. We urge you to reject any such changes in the upcoming budget bill or related legislative vehicles. Preserving credit unions’ **fair regulatory treatment** – alongside their tax status – is essential to ensuring these cooperatives can continue fulfilling the mission Congress has long encouraged them to perform.

DCUC has stood for decades as an advocate for those who serve our country, and we deeply appreciate the bipartisan support that credit unions have earned in Congress. **We respectfully request your public commitment** that no provisions will be included in the forthcoming budget reconciliation (or any other omnibus legislation) that would weaken credit unions – whether by taxing their member-owned earnings or by subjecting them to inappropriate regulatory burdens. Instead, we ask you to continue to **champion the credit union difference**, recognizing that these institutions use their tax savings to deliver tangible value to constituents and communities nationwide. Upholding the credit union tax exemption and proper regulatory framework is not about doing credit unions a favor; it is about **doing right by the millions of Americans in uniform and beyond** who depend on the affordable credit, financial education, and personalized service that credit unions provide.

Thank you for your consideration and for your leadership in Congress. DCUC and our member credit unions stand ready to serve as a resource to you and your teams on any issues affecting military and veteran financial well-being. We remain **steadfast in our commitment** to work with you to preserve what is working in our financial system for the people who matter most – the members and communities that credit unions serve.

Sincerely,



Jason Stverak  
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DCUC