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DEFENSE CREDIT UNION COUNCIL

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August 30, 2026

The Honorable Jake Ellzey
Chairman
Subcommittee on Rural Development, Energy, and Supply Chains
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Kelly Morrison, M.D.
Ranking Member
Subcommittee on Rural Development, Energy, and Supply Chains
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Re: "Fueling the Golden Age: Future Resource Needs and Small Business Opportunity"

Dear Chairman Ellzey and Ranking Member Morrison:

On behalf of the Defense Credit Union Council, I appreciate the opportunity to submit comments for the record of the Subcommittee's September 2, 2026, hearing titled, **"Fueling the Golden Age: Future Resource Needs and Small Business Opportunity."**

DCUC represents more than 200 credit unions serving over 40 million members worldwide and holding more than $525 billion in assets. Our members serve active-duty servicemembers, members of the National Guard and Reserve, veterans, military families, Department of Defense personnel, and the communities that support them. As the only national trade association exclusively focused on defense- and veteran-serving credit unions, DCUC is committed to expanding responsible access to capital, strengthening local economies, and ensuring that financial institutions are able to meet the needs of America's small businesses.

The Subcommittee's hearing memorandum appropriately recognizes that reliable and affordable energy, adequate water infrastructure, resilient supply chains, and a skilled workforce will determine whether small businesses can participate in the next generation of American manufacturing, technology, and industrial growth. The memorandum further emphasizes the particular opportunities these developments may create for rural communities and small trade businesses.

DCUC respectfully encourages the Subcommittee to recognize another indispensable resource: **access to capital and trusted financial institutions.**

A rural electrical contractor cannot purchase equipment or hire apprentices without financing. A veteran-owned construction company cannot compete for infrastructure contracts without working capital. A small manufacturer cannot expand production, purchase machinery, or bridge the period between delivering a product and receiving payment without a reliable financial partner.

relief for credit unions, and modernize credit union field-of-membership authorities so qualified institutions can serve rural and underserved communities.

Pass the Veterans Member Business Loan Act

Congress should act without further delay on **H.R. 507 and S. 110, the Veterans Member Business Loan Act**.

Veterans possess the leadership, discipline, technical knowledge, problem-solving skills, and commitment to mission necessary to succeed as entrepreneurs. Veteran-owned businesses are already an important part of the American economy. Approximately 1.76 million veteran-owned businesses employ about 5.3 million Americans and generate nearly $963 billion in annual revenue. These businesses create jobs, support local economies, and allow veterans to continue serving their communities after leaving military service.

Yet federal law generally limits the aggregate member business loans a credit union may hold to 12.25 percent of its assets. This arbitrary cap applies without adequate consideration of an individual credit union's financial condition, business-lending experience, underwriting performance, or ability to manage risk. As a result, a financially sound and experienced credit union can be forced to turn away a qualified veteran entrepreneur solely because the institution is approaching a statutory limit.

The Veterans Member Business Loan Act would correct this problem by excluding loans made to veteran-owned businesses from the statutory member business lending calculation. It would not eliminate prudent underwriting, reduce regulatory supervision, weaken capital requirements, or lower safety-and-soundness standards. Credit unions would continue evaluating every loan based on the borrower's ability to repay and the viability of the business. The legislation would simply permit qualified credit unions to use their own capital to make additional responsible loans to veteran entrepreneurs.

The legislation also requires no new federal spending, subsidy, or government lending program. It is a market-based, zero-cost reform that allows member-owned financial institutions to deploy private capital more effectively. The bill is led in the House by Representatives Vicente Gonzalez and Brian Fitzpatrick and in the Senate by Senators Mazie Hirono and Dan Sullivan, demonstrating that supporting veteran entrepreneurs is not a partisan objective.

The connection to this hearing is direct. Veterans are establishing and operating businesses in construction, skilled trades, transportation, logistics, energy, agriculture, manufacturing, cybersecurity, and technology. These are precisely the types of businesses that will be needed to build power-generation facilities, strengthen the electric grid, improve water systems, manufacture critical components, support emerging technologies, and reinforce domestic supply chains.

DCUC respectfully asks the Subcommittee to place its support for H.R. 507 and S. 110 in the hearing record, encourage members to cosponsor the legislation, work with the House Committee on Financial Services to secure legislative action, and urge House leadership to bring this bipartisan measure to the floor.

No veteran with a sound business plan should be denied a responsible loan because the credit union prepared to serve that veteran has reached an outdated statutory ceiling.

Provide Targeted Regulatory Relief That Preserves Small-Business Lending

Credit unions are member-owned, not-for-profit financial cooperatives. They do not raise capital from outside shareholders, and the resources they spend complying with duplicative or disproportionate regulations come directly from the capital available to serve members. Every dollar unnecessarily diverted to a compliance system is a dollar that cannot support a small-business loan, additional lending staff, a rural branch, fraud prevention, financial counseling, or improved rates and services.

DCUC supports strong consumer protections, fair lending, responsible underwriting, and rigorous safety-and-soundness supervision. Regulatory relief should not be confused with an absence of accountability. It should mean that regulation is clear, stable, risk-based, and tailored to an institution's size, complexity, business model, and actual risk.

Section 1071 of the Dodd-Frank Act illustrates the need for that approach. The collection of reliable small-business lending information can advance legitimate fair-lending and community-development objectives. However, a one-size-fits-all implementation framework can impose disproportionate costs on smaller and mission-focused financial institutions and may ultimately reduce the number of lenders willing or able to make small-business loans.

DCUC has supported **H.R. 941, the Small Lenders Exempt from New Data and Excessive Reporting Act,** with targeted refinements. The legislation would provide additional implementation time, a temporary enforcement safe harbor, and exemptions for institutions falling below specified asset or origination thresholds. It was reported by the House Committee on Financial Services on June 18, 2026.

DCUC has recommended that any final legislation also require consultation with the National Credit Union Administration before future changes affecting credit unions, provide for periodic review of thresholds so inflation does not create arbitrary results, and evaluate both fair-lending outcomes and data quality before imposing substantial new compliance obligations. These refinements would preserve the purposes of Section 1071 while reducing the danger that compliance costs will cause community-based lenders to restrict or discontinue small-business lending.

Congress and the Small Business Administration should also modernize credit union participation in the SBA 7(a) Loan Program. DCUC has previously urged simplification of loan requirements, improved technical assistance for credit union staff, more predictable lender-review processes, and the removal of administrative and structural barriers that discourage credit union participation. These reforms would help credit unions responsibly extend SBA-supported financing to veteran-owned, rural, and other small businesses that may have difficulty obtaining conventional credit.

More broadly, DCUC encourages Congress and federal agencies to:

- Conduct credible small-entity impact analyses before implementing new requirements;
- Avoid duplicative reporting and examination demands;
- Establish clear compliance expectations and reasonable implementation periods;
- Review existing rules regularly and eliminate provisions that no longer address material risks; and
- Ensure that credit unions are not placed at a competitive disadvantage when participating in federal small-business lending programs.

The purpose of regulatory relief should be straightforward: allow well-managed credit unions to spend more time evaluating borrowers, making loans, preventing fraud, and supporting local businesses—and less time navigating overlapping or uncertain requirements that do not materially improve consumer protection or safety and soundness.

Modernize Field-of-Membership Rules to Reach Rural and Underserved Communities

Regulatory relief alone will not solve the access problem if credit unions remain legally prohibited from serving communities that need financial services.

In many rural communities, residents and small-business owners face limited access to physical financial institutions, fewer choices among lenders, long travel distances, and declining access to individualized financial service. A nearby credit union may have the infrastructure, technology, staff, capital, and community relationships necessary to serve these residents, yet remain unable to do so because the community falls outside an outdated field-of-membership boundary.

DCUC has previously warned Congress that outmoded field-of-membership restrictions can prevent credit unions from serving nearby rural populations even when the institution already has the relationships and operational capacity to provide service. This problem is particularly important in communities surrounding military installations, National Guard facilities, defense-related employers, and other areas where military and civilian economies are deeply connected.

Congress should reintroduce and enact field-of-membership legislation modeled on previous proposals to expand financial access in underserved communities and banking deserts. Prior legislation would have allowed credit unions to expand their fields of membership into qualifying areas where residents have lost or lack meaningful access to financial institutions, while incorporating appropriate community-engagement and consumer-protection expectations.

A modernized framework should:

- Permit all qualified federal credit unions to apply to serve underserved communities;
- Ensure that rural eligibility standards account for population density, geographic distance, local branch availability, and the practical realities of rural commerce;
- Provide clear and timely NCUA application procedures;
- Recognize modern delivery methods, including mobile, online, shared-branch, and community-partnership models;
- Require applicants to demonstrate the operational capacity and a credible plan to serve the entire proposed community; and
- Preserve appropriate safety-and-soundness, fair-lending, and consumer-protection oversight.

DCUC has also asked the NCUA to streamline its review of field-of-membership applications, describing the existing process as slow and cumbersome. Regulatory improvement by the NCUA should accompany statutory modernization by Congress.

Field-of-membership modernization would not require federal spending, compel anyone to join a credit union, or guarantee approval of every proposed expansion. It would simply allow qualified institutions to compete for the opportunity to serve communities that lack sufficient financial choices.

Credit unions can provide affordable consumer loans, mortgages, small-business financing, savings products, financial counseling, and personalized service. Expanding access to those institutions would increase competition and give rural families and entrepreneurs another option—particularly in banking deserts and other communities where financial services are scarce.

When a community lacks adequate access to financial services, an outdated charter boundary should not prevent a capable, regulated, locally committed credit union from stepping forward.

Conclusion

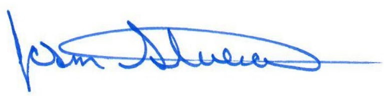
The Subcommittee is right to examine the resources America will need to support future energy production, manufacturing, technology, infrastructure, and industrial growth. Reliable power, adequate water, resilient supply chains, and a skilled workforce are indispensable. So are access to affordable capital and access to trusted financial institutions.

Congress can expand those resources by passing the Veterans Member Business Loan Act, advancing targeted and responsible regulatory relief, improving credit union participation in SBA lending programs, and modernizing field-of-membership authorities for rural and underserved communities.

These policies do not depend on creating another federal bureaucracy or committing billions of dollars in new spending. They empower existing, regulated, member-owned financial institutions to use their own capital, expertise, and community relationships to finance small businesses, create jobs, expand consumer choice, and serve populations that are too often overlooked.

DCUC stands ready to work with the Subcommittee, the full Committee on Small Business, the Committee on Financial Services, the SBA, the NCUA, and other stakeholders to advance these priorities. Thank you for your leadership and for considering the role credit unions can play in ensuring that small businesses—and especially veteran-owned and rural small businesses—participate fully in America's next era of economic growth.

Sincerely,



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DCUC
Serving ALL Who Serve

CC: Members of the Subcommittee on Rural Development, Energy, and Supply Chains