

## Michigan Credit Unions: Consumers' Best Financial Partner

### Delivering Big Consumer Benefits

Michigan's not-for-profit, consumer-owned credit unions delivered \$424 million in benefits in 2019. Not surprisingly, memberships in the state's credit unions increased by 4.2% in the year ending June 2019.

If Michigan banks were structured like credit unions, the \$2.9 billion banks paid in stockholder dividends over the past decade would have instead been paid to small depositors in the state.

### 2019 Michigan Credit Union Financial Benefits

Benefits arise from Credit Unions providing:

Higher yield on savings	\$78.8 Million
Lower fees	\$71.5 Million
Lower loan rates	\$273.8 Million
Savings to non-members	\$165.4 Million

**Total Member Benefits \$424 Million**

### Building Stronger Communities

Unlike banks, Michigan credit unions are locally owned and controlled. Credit unions offer full and fair service to all of their member-owners, and credit union membership tends to be concentrated in the working class. Credit unions also do not shy away from serving their members where they are most needed. Overall, 49% of U.S. credit union branches are located in CDFI investment areas, compared to only 42% of bank branches in such areas. In Michigan, 59% of credit union branches are located in CDFI investment areas.

Government data shows that Michigan credit unions approve 68.8% of total mortgage applications from low/moderate income borrowers. Contrary to what Michigan bankers would have you believe, the state's low/moderate income consumers should include credit unions in their mortgage shopping plans -simply put they're more likely to get the loan they want.

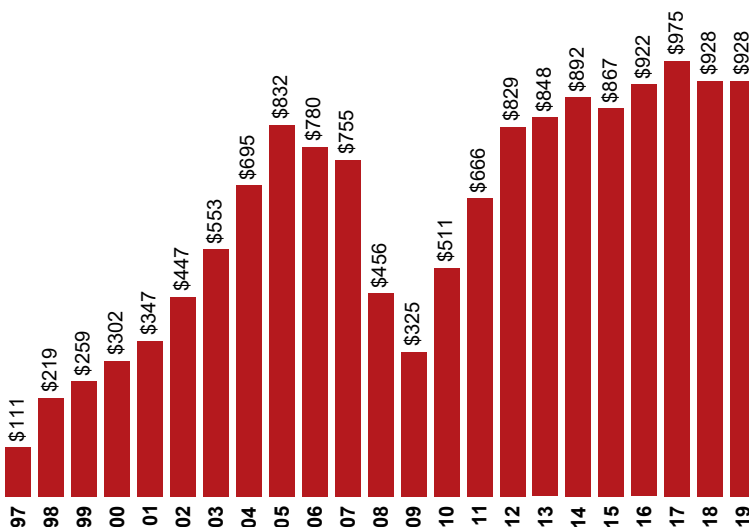
### Serving Tax-Paying Americans

Credit union consumer owners are tax paying Americans. These taxpayers already bear a substantial income tax burden. Taxing credit unions is a additional tax on 119 million credit union members including 5,458,839 members in the state of Michigan.

Michigan credit union members paid an estimated total of \$65.4 billion in state and federal income taxes during the most recent federal tax year.

Taxing credit unions would do very little in terms of addressing government budget issues. For example, if credit unions were taxed in 2019, the receipts would have accounted for only 0.04% of federal spending, which would fund federal government operations for only 3.7 hours.

**U.S. Federal Revenue Losses due to Bank Subchapter S Election**  
(In Millions. Total=\$14.4 Billion Since 1997. Source: CUNA Estimates & FDIC)



### Responding Through a Unique Structure with Local Ownership and Control

The public policy goal of strengthening small, locally-owned businesses is achieved through credit union tax status. In the for-profit banking sector this goal is similarly advanced when banks choose the tax advantage of Subchapter S status.

There are now over 1,793 Subchapter S banking institutions in the U.S. which jointly account for \$534 billion in assets. Overall, 8 Subchapter S institutions in Michigan account for \$1.7 billion of these assets. While bank Subchapter S election is not the same as a tax exemption, it does significantly reduce Treasury revenue by 37% compared to what those banks would pay as normal Subchapter C corporations.

Nationally, lost revenue due to bank Subchapter S election is estimated to be \$928 million in 2019 and \$14.4 billion since 1997. In Michigan, the amount of Subchapter S foregone federal tax revenue for 2019 is \$2.7 million.