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FOR THE RECORD

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Government study cites banks' tax favored treatment over credit unions; It's time for banks to stop attacking member-owned cooperatives

The results of an independent study by the investigative arm of Congress show that it's time for lawmakers to turn a deaf ear to "the pleas of big banks to undermine credit unions," according to United States Senator Bernie Sanders (I-Vt.), who requested the study.

"Despite years of complaints by the banking and savings and loan industries that tax-exempt credit unions have an unfair competitive advantage, a new Government Accountability Office (GAO) study shows banks continued to dominate," Sanders said in a statement.

The release highlighted several findings, including phenomena that have already been observed in Wisconsin:

- **Thirty-one percent of all banks paid no corporate income taxes at all** by becoming Subchapter S corporations (Wisconsin lost an estimated $20 million in tax revenue in 2006 due to 73 Wisconsin banking institutions - that have $11 billion in assets - electing Sub S status).
- **Some banks have evaded millions in U.S. taxes** by setting-up abusive tax shelters (Until a recent crackdown, Wisconsin banks were using Nevada subsidiaries to evade millions in state tax obligations. Some of the state's largest banks were paying no taxes using this strategy, while as much as 80 percent of Wisconsin banks dodged some taxes this way).
- **American taxpayers have paid $200 billion (in today's dollars) bailing out S&Ls.**

"As documented by the GAO, big banks are right about one thing: there is not a level playing field, but the big banks seem to have the advantage. I hope that Congress will listen to the evidence in this report and finally ignore the pleas of big banks to undermine credit unions," Sanders said.

GAO CONFIRMS BANKS' MEGA-PROFITABILITY

The GAO study found that banks' return on assets (a basic "yardstick" for measuring profitability) has grown every year since 1993, while credit unions' ROA has remained flat or declined. At year end 2006, bank ROA was 1.27 percent and only .81 percent for credit unions.

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