The Wisconsin Credit Union League
One League, One Focus - Your Success!

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FOR THE RECORD

A monthly newsletter for state and federal lawmakers concerning 220 member-owned financial institutions

Bailed out banks asking government to raise taxes on consumers

The record is clear. Many banks behaved irresponsibly, playing a starring role in the collapse of our economy. Then they continued the abuse of American taxpayers by grabbing billions in bailout money when they themselves don't pay taxes on their sizable profits. Incredibly, the Wisconsin Bankers Association (WBA) now is asking for more taxes on the working citizens of Wisconsin.

In a recent letter to Wisconsin's Congressional delegation, WBA President/CEO Rose Oswald Poels had the temerity to ask for the tax increase on credit unions, which are prudent, locally run, cooperative institutions that have filled the void for loans to individuals and small businesses as banks have further restricted credit. Additionally, credit unions already pay millions of dollars a year in taxes. So another tax on credit unions is simply another tax on working Wisconsin citizens because they own the credit unions where they borrow and save.

WBA's feigned concern for tax revenue is as awkward as it is imprudent and it is little more than a clumsy attempt to divert attention from their member banks' lead role in the economic downturn and subsequent gratuitous reach for hard-earned taxpayer money for their bailouts. Some might consider it downright hypocritical given:

■ **More than 80 Wisconsin banks with assets of $145 billion do not pay federal or state corporate income taxes each year.** That's $54 million in income taxes those Sub S banks did not pay without giving back to consumers in the way credit unions do.

■ **In the recent past, Wisconsin banks earning billions in profits paid nothing or next to nothing in state income taxes.**

■ **Many banking industry executives have been handsomely rewarded via taxpayer bailout dollars**, in spite of their shockingly poor performance.

■ **Associated Bank, headquartered in Green Bay, reportedly paid no state income tax from 2000 to 2009**, in spite of booking millions in profits over that period.

■ **M&I Bank, which paid less than 1% on its significant profits during those same years, will shift several million dollars annually from Wisconsin tax coffers to the investors in one of North America's biggest banks** because it can use losses from the 2008 recession to offset future profits, according to the same report.

■ **Harris Bank's parent company, which acquired M&I, has started laying off more than 400 Wisconsin workers** while sending profits – untaxed – out of the country.

Sources: CUNA Economic and Statistics and "Leaving the Las Vegas loophole" from The Capitol Times 7/22/11.

Banks ignore what matters when it comes to tax policy

■ **Even using the fuzzy math of the WBA, the amount that might be collected in additional taxes from Wisconsin credit unions is dwarfed** – *nearly six times over* – by the $203 million in annual savings that Wisconsin credit union members receive via lower loan rates, higher savings rates and lower and fewer fees.

■ **Credit unions deliver a total of $269 million *annually* in value to *all* Wisconsin consumers** when you factor in the $66 million a year that credit unions save Wisconsin bank customers because of the competition that keeps bank fees and rates in line. In the U.S. as a whole, America's credit unions saved their 91 million members over $6.7 billion last year when compared to banks.

■ **Credit unions have been doing voluntarily – with no state or federal mandates – what banks should have always been doing.** Credit unions' REAL Solutions initiative – which helps consumers without regard for profit – is showcased at www.theleague.coop/scorecard and at www.theleague.coop/forareason.

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