



FIRST STATE BANK

& trust company

Established 1896

January 21, 2016

Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

FEB01'16 PM 2:46 BOARD

Re: NCUA's Proposed Changes to Field of Membership Requirements

Dear Mr. Poliquin:

I am a Vice President and manager of Retail Banking with First State Bank and Trust Co., a local Kansas community bank. I am concerned the proposed rule on Chartering and Field of Membership. The provisions of this proposal would provide federal credit unions with the opportunity to increase membership drastically, resulting in a broad expansion of the credit union industry's tax subsidy.

Our bank serves Kansas customers and the surrounding community, and unfair competition from the credit union industry impacts our business. Area Credit Unions are able to offer lower depository fees due to their tax advantage, while attempting to claim some sort of moral high ground in the process. Banks are not tax exempt, but are for-profit businesses attempting to balance offering products and services to best serve customers while growing the business to offer more lines of credit and other economic capital to communities.

Congress understands that if community credit unions are to fulfill their public mission, there needs to be a legitimate shared bond among members, even amending the FCU Act in 1998, to include the term "local." Combined with the terms "well-defined," it is clear Congress intended to impose finite and narrow limits on the area that a community credit union may serve. This proposal goes beyond any reasonable definition of local and well-defined.

Credit Unions are already expanding beyond any reasonable definition "local and well-defined" as evidenced in this excerpt taken directly from the website of a Credit Union created to serve educators in Wichita, Kansas: "Headquartered in Wichita, Kansas, Credit Union of America was officially chartered on March 6, 1935 as the "Wichita City Teachers Credit Union". In 1974 our name was changed to Credit Union of America and our membership was opened from serving only educators to being able to serve residents and workers in a multi-county Kansas area."

Such a broad expansion of authorities as proposed greatly undercuts Congressional-mandated limits on field of membership and will lead to a broad expansion of the credit union industry's tax subsidy—already valued at \$26.75 billion over the next 10 years. This abuse of regulatory authority has vast implications for both marketplace dynamics and the potential increase of tax subsidies at a time when governments are working with large budget deficits. It is clear that the NCUA Board has blatantly disregarded Congressional intent and is overstepping its regulatory reach.

Congress deliberately instructed NCUA through the FCU Act to keep credit unions small and focused on providing services to specific groups that lack other access to financial services. Credit Unions should focus on serving their intended purpose as defined by Congress. Community banks, which serve our local communities AND pay taxes should not be put at this unfair competitive disadvantage at the expense of tax-payers.

Sincerely,



Leigh Briggs