

From: [Jeb H. Clarkson](#)
To: [Regulatory Comments](#)
Subject: Jeb Clarkson Comments on Notice of Proposed Rulemaking Regarding Associational Common Bond
Date: Friday, February 05, 2016 1:30:00 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

Jeb Clarkson Comments on Notice of Proposed Rulemaking Regarding Associational
Common Bond

Dear Gerard Poliquin:

RE: Credit Unions unbridled expansion

Dear Mr. Poliquin:

As a banker, I am concerned about the impact of further expanding the credit union industry's potential field of membership through the proposed rule on Chartering and Field of Membership. The provisions of this proposal, when implemented all together, 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.

- My bank serves customers and the surrounding community, and unfair competition from the credit union industry impacts my business. Black Hills Federal Credit Union has already been allowed to expand into our states highest income per capita counties in their quest to serve the "under-served"? Add to that the fact that they are now entering the ag lending field with what amounts to a 40% advantage over tax paying community banks such as mine and you have inequities of mammoth proportion. they already go after our most profitable consumer, commercial and real estate customers and now want a piece of the ag pie in what could arguably be among the worst times to enter the ag market. My bank is not tax exempt, but rather a for-profit business 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 has kept in place advantages for the credit union industry, but those advantages come with limitations, including the size of the institutions and scope of activities. Congress understood that if community credit unions were to fulfill their public mission, there needed 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. The proposed rule intends to treat a Combined Statistical Area and a Congressional District as a well-defined local community. In addition, the proposal expands the rural district population limit by four times the current threshold to one million. As I mentioned earlier, they have effectively expanded the "Black Hills" 250 miles east to our capital city of Pierre and another 150 miles beyond that to our largest city, Sioux Falls - both of which are two of the highest

per capita income counties in the state. Were they bound by their mission statement, it seems they'd have stopped in some of the underserved communities.

- 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. The proposal would disregard this Congressional directive by modifying NCUA's process for assessing stand-alone feasibility of groups that seek to be added to the field of membership of an existing multiple common bond credit union by allowing a streamlined determination for groups with between 3,000 and 4,999 potential new members. Black Hills Federal Credit Union is now the largest financial institution in our second largest city, Rapid City and this coming at a time when our nation suffers from record budget shortfalls and our state languishes at 50th in teacher pay.

This letter demonstrates that 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.

To say I am tired of going into the ring with one hand tied behind my back would be an understatement. The 40% credit union tax advantage makes the playing field anything but level. A nation saddled with nearly \$19 trillion of debt and states' looking for revenue under every rock leaves but one logical solution, tax the credit unions.

Sincerely,
Jeb H. Clarkson
PO Box 729
Belle Fourche, SD 57717