

Alaska Bankers Association

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July 29, 2015

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

RE: Opposition to Proposed Rulemaking for Member Business Loans, Part 723

Dear Secretary Poliquin:

On behalf of the Alaska Bankers Association, I am writing to express our strong opposition to the National Credit Union Administration's proposed rule to dramatically expand credit unions' authorities for member business loans and commercial lending. Such regulatory action would allow the \$1 trillion credit union industry to further leverage its annual \$2 billion tax advantage to compete even more against taxpaying banks. It is disappointing that the credit union industry's regulator would promote such a large taxpayer-subsidized expansion into commercial lending.

This proposal is contrary to congressional intent to limit business lending by credit unions. In 1998, Congress made it clear that credit unions should be focused on consumer lending, not commercial lending. Congress instituted restrictions on business lending deliberately: "to ensure that credit unions continue to fulfill their specified mission of meeting the credit and savings needs of consumers, especially persons of modest means, through an emphasis on consumer rather than business loans." By proposing this rule, the NCUA Board is disregarding congressional intent. NCUA should not undermine specific limitations by Congress nor expand the taxpayer liability.

Consider that Alaska credit union deposits have more than tripled since 1999, having grown at an annual rate 50 percent greater than that of Alaska banks over this 15-year period.¹ The size of credit unions' tax subsidy will continue to grow proportionally as rules, such as the proposed, work to take more business away from tax-paying institutions like ours.

Alaska's banks are committed to Alaska's businesses and have a personal stake in the economic growth, health, and vitality of Alaska's communities. We hope NCUA will reconsider its statutory obligations and focus its efforts on reaching those for whom the credit union industry was truly created.

Sincerely,



Steve Lundgren, Chair
Alaska Bankers Association

CC: U.S. Senator Lisa Murkowski
U.S. Senator Dan Sullivan
U.S. Representative Don Young

¹ Data from the State of Alaska, Division of Banking and Securities and the FDIC