Credit Union
National
CUNA Association

Credit Union Not-For-Profit Tax Status

History, Benefits, and Public Policy Considerations

Credit Union National Association
Research and Policy Analysis
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CUNA

EXECUTIVE SUMMARY

Maintaining the credit union federal income tax status is critically important to the survival of the nation's nearly 5,500 credit unions which now report a total of approximately 115 million memberships. A change in credit unions' tax status threatens both and would also result in the loss of significant indirect benefits that accrue to society.

The analysis presented in this report reveals that the tax treatment conveyed on credit unions roughly 100 years ago continues to serve the purpose for which it was created and is one of the best investments that the government makes in its citizens. Credit unions provide substantial benefits to their members and indirect benefits to nonmembers. In 2018 alone, these benefits – which accrued to both directly to members and indirectly to bank customers – totaled more than $16 billion. Additionally, the dollar amount of these benefits greatly exceeds the loss in federal revenue—estimated by the Joint Committee on Taxation to be $1.8 billion in 2018—that would result from imposing new federal income taxes on credit unions.

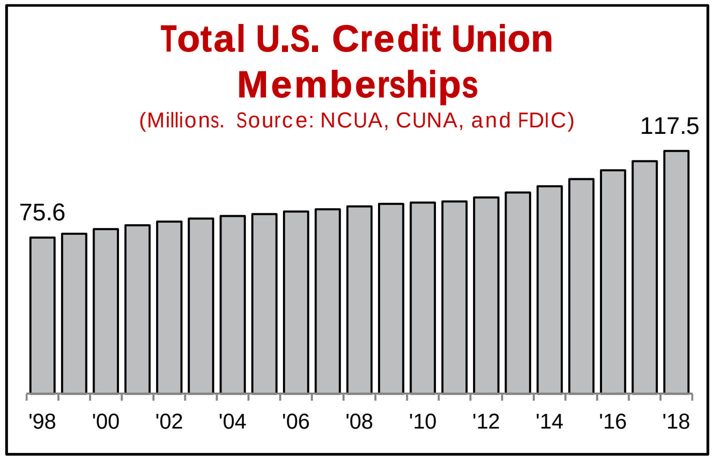
Credit unions are taxed differently – by design. It is the unique cooperative structure of credit unions that generates member benefits. Credit unions are not-for-profit institutions meaning there are no stockholders demanding a market rate of return on their investment. So, credit union earnings are passed along to member-owners, not a small group of wealthy outside investors. Volunteer directors and credit union executives that are compensated fairly are hallmarks of the cooperative structure that boosts these member benefits.

While credit unions don't pay federal income tax, they do pay other federal, state, and local taxes; collectively credit unions pay nearly $20 billion in taxes annually. Imposing new taxes on credit unions would threaten the provision of the benefits they provide members and nonmembers. Ultimately, it would mean trading off small gains in tax revenue for increased risk in credit unions and a reduction in consumers' financial choices. Many larger credit unions would likely convert charters and operate as banks and many smaller credit unions would likely be forced to merge or simply go out of business. Imposing new taxes on credit unions would thus cost credit union members and the economy as a whole far more than the amount of additional dollars they would be paying in taxes.

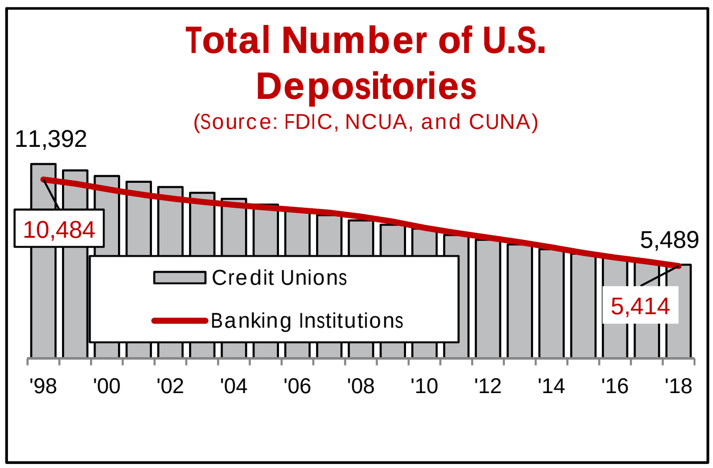
U.S. Credit Union Overview

Credit unions are member-owned, democratically governed, not-for-profit cooperative financial institutions generally managed by volunteer boards of directors with a specified mission of promoting thrift and providing access to credit for provident purposes to their members, especially those of modest means.[1] They were established at the federal level during the Great Depression but existed in many states as far back as 1908. Their inception was driven by a demand for access to basic financial services—loans and savings. Credit unions were established to provide an alternative to the for-profit banking sector—since credit unions are controlled by members—and to promote members' best interests.

At year-end 2018, there were nearly 5,500 credit unions in the United States – 61% federally-chartered and 39% state chartered. Credit unions controlled $1.5 trillion in total assets and collectively reported a total of roughly 115 million memberships.



Credit unions, like banking institutions, have experienced significant consolidation over the past several decades. In 1998, there were 11,392 credit unions and 10,484 banking institutions in the U.S. By 2018, those numbers had declined by more than half to 5,489 credit unions and 5,414 banking institutions.



Most of the decline in both industries occurred as smaller entities merged operations into larger institutions to achieve greater scale economies, improve service offerings, and expand geographic footprints. However, over the past decade nearly 20% of the decline in the number of banking institutions can be traced to bank failures. By contrast, among credit unions, which tend to be much more conservatively managed than banking institutions, only about 7% of the decline resulted from involuntary liquidation or assisted merger.

Despite significant consolidation, credit unions remain relatively small, locally-controlled institutions. The typical credit union reports $33 million in total assets and is almost seven times smaller than the

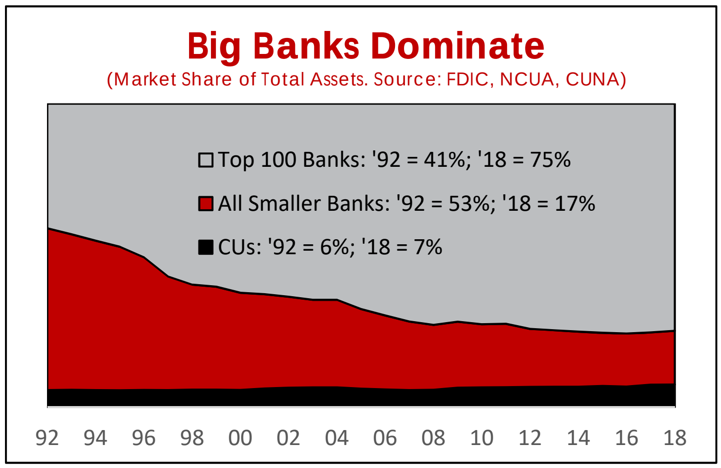
[1] 14 USC 12 § 1751. U.S. banking institutions, in contrast, are almost exclusively for-profit, stockholder-owned institutions managed by boards that are compensated.

typical banking institution (which reports $223 million in total assets).[2] The average credit union size (adding up total assets and dividing by the number of institutions) is $268 million, while the average bank asset size is $3.3 billion (i.e., $3,331 million). Overall, approximately 40% of credit unions are operated by five or fewer full-time equivalent employees.

Although credit union memberships and total assets have been growing, banking institutions continue to dominate the depository market. It has taken 110 years for credit unions to grow to a total of $1.5 trillion in assets. By contrast, U.S. banking institution assets grew by $1.9 trillion in the past three years alone. Today, the banking industry collectively controls $18.0 trillion in total assets, 12.3 times the size of the credit union industry. At year-end 2018, the biggest three banking institutions (J.P. Morgan Chase Bank, Bank of America and Wells Fargo Bank) were each individually larger than the combined assets of all 5,489 credit unions, and a fourth bank (Citibank) was essentially the same size as the entire credit union industry.

Overall, credit union assets are equal to 7% of total depository institution assets. Credit unions' market share increased very little since 1992, when it was 6%. On the other hand, the market share of the largest 100 U.S. banks has increased from 41% in 1992 to 75% at the end of 2018.

It is interesting to note that while credit union market share of total depository institution assets has risen by only one percentage point, credit union memberships as a percent of the population has increased significantly faster (from 26% in 1995 to 34% in 2018).



Credit Union Tax Status Historical Perspective

Congress conveyed an exemption from federal income tax to state and federally chartered credit unions because of their ownership structure and special mission. Credit unions are member-owned, democratically governed, not-for-profit cooperative financial institutions generally managed by volunteer boards of directors with a specified mission of promoting thrift and providing access to credit for provident purposes to their members, especially those of modest means.[3] Through the enactment of the Federal Credit Union Act and the credit union tax exemption, as well as enabling legislation in 47 states, Congress and the states have sanctioned and encouraged the development of a dual-charter credit union system that allows credit unions to be chartered by the federal government through the National Credit Union Administration (NCUA) or by state governments. This

[2] "Typical" is here defined as the median asset size – obtained by sorting all institutions from largest asset size to smallest asset size and identifying the midpoint asset value. Only 4% of U.S. banks are smaller than the $33 million median size credit union.
[3] 14 USC 12 § 1751.

system is comprised of financial institutions that are owned by member-depositors and accessible to all as an alternative to the investor-owned, for-profit banking system.

Credit unions have been exempt from federal taxation since the earliest days of the tax code.[4] Credit unions' exemption from federal income tax has been conveyed to support and sustain a system of cooperative financial services in the United States.

As the years have passed, the financial services sector has developed and the entities providing financial services, including credit unions, have evolved. Some have suggested that with the evolution of expanded services offered by credit unions they have become simply untaxed banks. That position ignores the very real differences that distinguish investor-owned and cooperative firms. The fact of the matter is that even though credit union services have evolved their structure and mission have remained the same. The next section will examine the credit union difference—i.e., credit unions' structure and how it generates benefits.

The Credit Union Difference

Precisely because of their cooperative structure, credit unions behave differently from investor-owned financial institutions and that difference in behavior produces substantial benefits to the nation's millions of credit union members, to non-members, and the economy as a whole.

Two features of the cooperative structure are crucial in generating substantial benefits to society: their total focus on member value and service; and their tendency for risk aversion. Because of credit unions' strong member focus, driven by their democratic governance structure, credit unions have every incentive to not only "pass on," but also to leverage the benefits of the tax exemption rather than diverting it in some form of expense preference.[5]

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[4] Credit unions were first made tax exempt in 1917 through a ruling by the United States Attorney General. The ruling noted that, "On examination of the purpose and object of such association(s), it appears that they are substantively identical with domestic building and loan associations or cooperative banks 'organized and operated for mutual purpose and without profit' [quoting from the 1916 statute]. It is to be presumed that the Congress intended that the general terms used in Section 11 should be construed as not to lead to injustice, oppression, or an absurd consequence." This served as the basis for the exemption of state-chartered credit unions from federal income tax. Federally chartered credit unions were made exempt from federal income tax in 1937. In 1951, mutual savings banks lost their tax exemption because they were deemed to have lost their mutuality, but credit unions retained their tax exemption because, as is the case today, they hold firm to their mutuality and cooperative principles.

[5] "Expense preference" refers to managerial behavior that places the preferences of managers (inflated salaries and benefits, perquisites, lavish offices, etc.) ahead of the otherwise recognized goals of the firm. In an investor owned firm, expense preference behavior would result in sacrificing profit (investor value) for managerial preferences. For tax-exempt credit unions, expense preference behavior would imply providing excessive managerial emoluments, rather than using or leveraging the tax exemption for the benefit of members. There is NO evidence of expense preference resulting from the tax exemption. Banks and credit unions both reflect expense-to-asset ratios of 3.1% (even though banks are substantially larger than credit unions) and the credit union capital ratio which averaged 11.1% at year-end 2018 is essentially equal to the 11.2% bank average. Also, as noted elsewhere in this report, compensation comparisons between banks and credit unions show lower

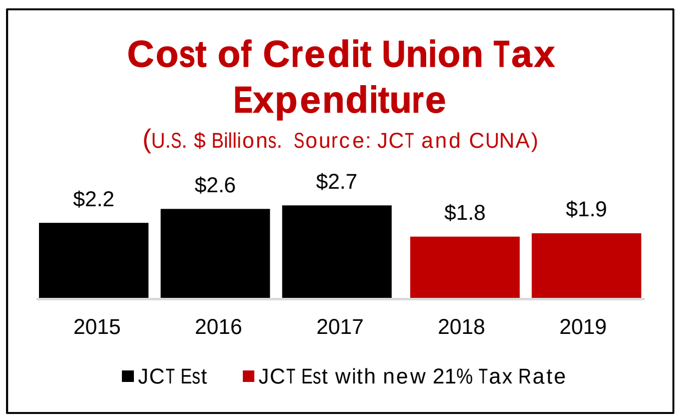
The cooperative structure also discourages excessive risk taking by credit unions. Because they take on less risk, credit unions tend to be less affected by the business cycle and can therefore serve as an important counter cyclical economic force in local markets, softening the blow of economic downturns in local economies. In addition, credit unions' member focus and the absence of a strong profit motive allow them to offer significant advantages to their members of modest means.

Credit Union Executive Compensation Discourages Excessive Risk Taking and Encourages Focus on Member Value

Recent research points to the difference in executive compensation structure between credit unions and banks as a factor that contributes to credit unions taking on less risk and focusing on member value.[6] This research shows that credit union executives receive significantly less performance-based incentives relative to bank executives. Indeed, among a sample of credit unions and publicly traded banks with under $3 billion in assets, approximately 30% of bank CEO compensation consisted of performance-based incentives versus only 10% of credit union executive compensation. This can have important consequences for consumers. For example, research shows that if compensation relies too heavily on measured performance, it can lead to excessive risk-taking and unethical behavior. Significantly, these "high powered" executive compensation packages used at banks are also associated with crowding out intrinsic motivation, stifling creativity, and negatively affecting corporate social performance. "Low-powered" compensation packages, on the other hand, such as those used at credit unions, align well with mission-driven, risk averse organizations focused on delivering value to members.

Tax Status Costs and Benefits

In addition to nonquantifiable benefits—such as financial education, unique products and services like prize-linked savings, and participation in democratic elections for board members—credit unions confer significant financial benefits on their members and the rest of society. These benefits far exceed the credit union tax expenditure (i.e., the total amount that credit unions would pay in federal taxes if credit union income were taxed).



The Joint Committee on Taxation (JCT) recently estimated that the credit union "tax expenditure" totaled $1.8 billion in 2018 and will average $1.95 billion over the four years between 2018 and 2021. Significantly, the 2017 Tax Cut and Jobs Act (TCJA) caused these estimated tax expenditures to decline by nearly 40% annually compared to levels assumed using pre-TCJA tax rates.

The value of the credit union tax expenditure pales in comparison to the tax reductions enjoyed by

compensation for credit union senior executives at similar sized institutions when data on bank stock options and other compensation is considered.

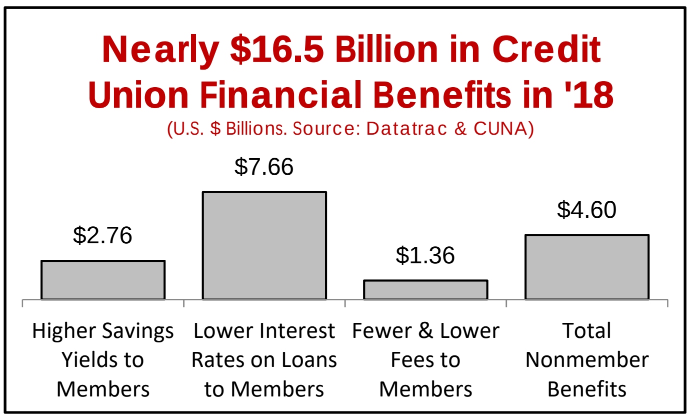
[6] van Rijn, Jordan, "Executive Compensation at Credit Unions versus Banks: The Pitfalls of Performance-Base Pay," *Cooperative Business Journal*, Forthcoming.

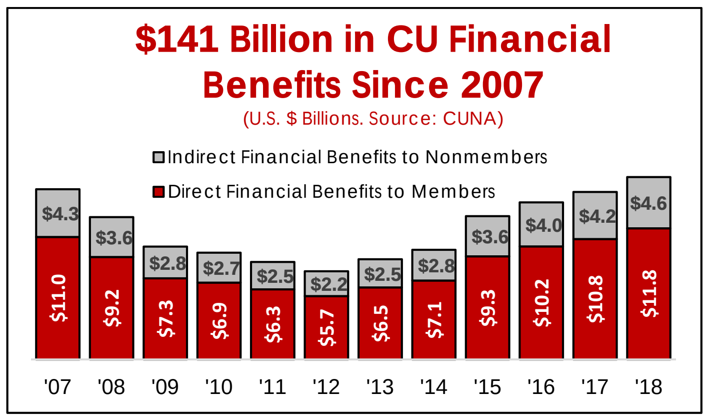
2018 Credit Union & Bank Pricing Profiles			
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.63	4.67	-1.03
48-month used car (A paper)	3.76	4.99	-1.23
Unsecured loan (A paper)	9.36	9.91	-0.55
5-year adjustable rate 1st mortgage, 0 pts	4.17	4.37	-0.20
15-year fixed rate 1st mortgage, 0 pts	4.52	4.54	-0.02
30-year fixed rate 1st mortgage, 0 pts	4.97	4.96	0.01
Home equity / 2nd mtg, 80% LTV 0 pts	5.33	6.22	-0.89
Credit card - rewards	11.34	15.03	-3.69
Credit card - platinum	10.12	13.70	-3.58
Savings Products			
Regular savings, $1,000 balance	0.18	0.12	0.07
Share draft checking, $5,000 balance	0.13	0.09	0.04
Money market accounts	0.37	0.16	0.22
1 Year certificate $10,000 balance	1.40	0.74	0.66
Retirement (IRA) accounts	0.89	0.45	0.44
Fee Income			
Share draft checking, NSF fee	$28.36	$31.24	-$2.88
Credit cards, late fee	$24.56	$34.18	-$9.62
Mortgages, closing costs	$1,151	$1,361	-$210

Source: Datatrac

commercial banks via the TCJA. For example, while the credit union tax expenditure was approximately $1.8 billion in 2018, lower tax rates have reduced the tax burden on U.S. banks by nearly $30 billion[7] – and the reduction of the top rate to 21% is a permanent fixture of the 2017 tax law changes.

While credit unions may not pay corporate income taxes, they directly pay employer taxes, excise taxes, and property taxes. Indeed, CUNA has estimated that in 2017 credit unions generated approximately $12.2 billion in federal taxes and $7.4 billion in state taxes. Additionally, credit union members pay personal income tax on both the proceeds distributed by credit unions and the interest the members earn. Indeed, credit unions members paid an estimated $1.5 trillion in state and federal taxes in the most recent tax year.[8]





The direct and indirect financial benefits credit unions provide to both members and others far exceed those total, amounting to nearly $16.5 billion in 2018 and over $141 billion since 2007. The tax exemption is leveraged because credit unions do not pay dividends to stockholders, generally do not compensate their directors, and do not compensate senior executives as highly as banks do when stock options and other compensation are taken into consideration. This translates into direct benefits to their members in the form of lower fees, lower rates on loans, and higher yields on deposits than those available at other financial institutions.

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[7] Federal Deposit Insurance Corporation. FDIC Quarterly Banking Profile. February 21st, 2019.
[8] Because of the 2017 Tax Cut and Jobs Act (TCJA), the share of income individual members will pay as taxes could be higher than what banks will pay given that the TCJA lowered the top corporate rate to 21% while the top income tax rate for individuals is 37%.

Applying rate differentials from third party sources to the volumes of various loan and deposit accounts at credit unions and applying fee differentials to credit union non-interest income, allows calculation of the total amount that members benefit from using credit unions versus banks. In 2018, CUNA calculated that the nation's credit unions delivered direct financial benefits to members totaling $11.8 billion and since 2007, those financial benefits have totaled $101.8 billion.[9,10]

Furthermore, several independent researchers have found that credit unions have a moderating influence on bank pricing: raising bank deposit interest rates and lowering bank loan rates.[11] Based on this research, CUNA estimates that bank customers saved $4.6 billion in 2018 from more favorable bank pricing arising from the presence of credit unions in their local markets. Since 2007, those non-member financial benefits have totaled approximately $39.4 billion.

It could be reasonably argued that if U.S. banks were structured like credit unions the $951 billion banks paid in shareholder dividends to a small number of stockholders over the past decade would have instead been paid to millions of small depositors.

In addition to the benefits credit unions provide member and nonmembers, they have a positive impact on the economy as a whole. Indeed, CUNA has calculated that in 2017 credit unions contributed $121 billion in value added or economic activity to the U.S. economy.[12]

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[9] Note: Appendix IA contains a detailed state-by-state listing of estimated total financial benefits credit unions delivered to their members, nonmembers benefits, and the total public benefit in 2018. Appendix IB contains a detailed state-by-state listing of long-run total benefits and a breakdown of 2018 benefits by source.

[10] Until recently, the federal funds rate has been compressed near zero, resulting in less room for typical differences between credit union and other rates. As market interest rates rise, the combined credit union member and non-member benefits are likely to increase.

[11] Robert J Tokle, *The Influence of Credit Unions on Bank CD Rate Payments in the US*, New York Economic Review, Fall 2005. Timothy H. Hannan, *The Influence of Credit Unions on the Rates Offered for Retail Deposits by Banks and Thrift Institutions,* Federal Reserve Board of Governors, September 2002. Robert M. Feinberg, *The Competitive Role of Credit Unions in Small Local Financial Services Markets,* Review of Economics and Statistics, August 2001. Robert M. Feinberg, *The Effects of Credit Unions on Bank Rates in Local Consumer Lending Markets,* Filene Research Institute, 2001.

[12] Using the IMPLAN model, which accounts for the direct and indirect economic impact of an industry, CUNA has calculated the economic impact of the credit union industry. CUNA found that the 304,849 full-time equivalents employed by the credit union industry results in an additional 724,977 indirect and induced jobs, for a total of 1.03 million jobs. To put that number in context, that is roughly the population of Maine. The direct effects of credit union salaries and operating expenses add $68 billion in direct economic output and $124 billion in indirect and induced effect for a total economic impact of $192 billion on the U.S. economy. Of this, $121 billion is 'value added,' which can be thought of as the estimated increase in economic activity that results from the presence of credit unions.

The Impact of Taxes on the Australian Credit Union Industry

In the mid-1990s Australian credit unions lost their tax-exempt status, resulting in increased credit union vulnerability and a significant reduction in profitability or return on assets (ROA).[13] According to Gasparro et al. (2007), "this negatively impacted ROE, which has implications for the maintenance of capital adequacy and raising new capital."[14] As a result, Australian credit unions were forced to introduce fees and account maintenance changes and ultimately, differentiation among financial institutions was reduced.

Burger et al. (1991) examined an earlier episode of credit union taxation in Australia and similarly found that credit unions' net income fell and subsequently there was a fall in credit unions' capital-to-assets ratio.[15] The authors also found that in the aftermath of the imposition of taxes, credit union mergers increased and there were fewer new credit unions and a higher failure rate among them.

While there are important differences in the Australian and U.S. banking systems, including a much less concentrated banking system in the U.S., the broad lessons from the Australian experience are still instructive. In sum, these suggest that imposing income taxes on credit unions could threaten members' benefits, increase credit union vulnerability, and ultimately reduce consumers' financial choices. Further, it is not inconceivable that if additional taxes are introduced many larger credit unions would likely convert charters and operate as banks and many smaller credit unions would be forced to merge or simply go out of business. Imposing new taxes on credit unions would thus cost credit union members and the economy as a whole substantially more than the amount of additional dollars credit unions would pay in additional taxes.

Further, credit unions also provide their members significant intangible benefits. As member-owned and governed institutions, credit unions focus on providing exceptional member (customer) service. The Chicago Booth/Kellogg School Financial Trust Index reports that trust in U.S. banks stands at roughly 40% whereas trust in U.S. credit unions was highest among all financial firms at 60%.[16] In a recent Consumer Reports, *Bank & Credit Union Buying Guide*, credit unions received among the highest marks for customer service that Consumer Reports has ever given an industry.[17] This places competitive pressure on banks to follow suit and stands in stark contrast to the banking industry, which has paid $243 billion in fines since the financial crisis.[18]

In the 21 years from 1985 to 2005, the *American Banker* newspaper published an annual survey of consumers of financial services and each year credit unions scored much higher than banks in customer service. Sessions at bank conferences with titles such as, "Emulating the Customer Service of Credit Unions" have been reported. This is just another way that the existence of a cooperative alternative to investor-owned banks has value not only for credit union members, but also for bank customers.

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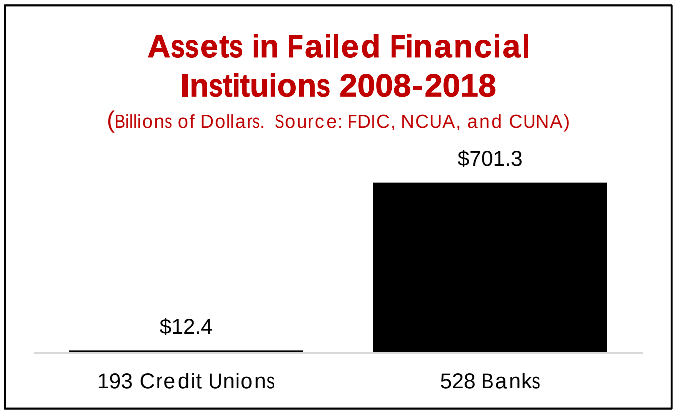
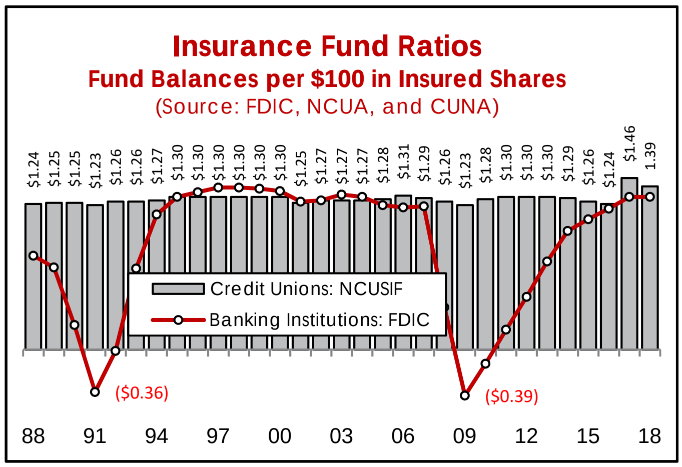
[13] Dominic Gasbarro, Phil Hancock, J. Kenton Zumwalt, *Impact of Taxation on Credit Unions in Australia,* Filene Research Institute, August 2007.
[14] Ibid., 41.
[15] Albert E. Burger and Gregory J. Lypny, *Taxation of Credit Unions,* Center for Credit Union Research, The University of Wisconsin-Madison, School of Business and Filene Research Institute, October 1991.
[16] See http://www.financialtrustindex.org/resultswave24.htm
[17] See https://www.consumerreports.org/banks-credit-unions/choose-the-best-bank-for-you/
[18] Keefe, Bruyette and Woods.

The incentives faced by credit union management—generally uncompensated volunteer boards, the absence of stock options for senior management and board members, the absence of pressure from stockholders to maximize profits, and "low-powered" compensation packages—induce management to eschew higher-risk, higher-return strategies.[19] As a result, credit union operations are less risky and subject to less volatility over the business cycle.



For example, between 2007 and 2018, the average annual net charge-off rate on credit union loans was 0.75%, with a standard deviation of 0.25%. By contrast, the similarly computed average at banks over the same period was 1.06%, with a much greater standard deviation of 0.78%.



History shows, that compared to credit unions, more and substantially larger banks fail during economic dislocations. Twice in recent history the bank insurance fund has operated in the red – while the credit union insurance fund has maintained a steady balance – even in difficult economic times.

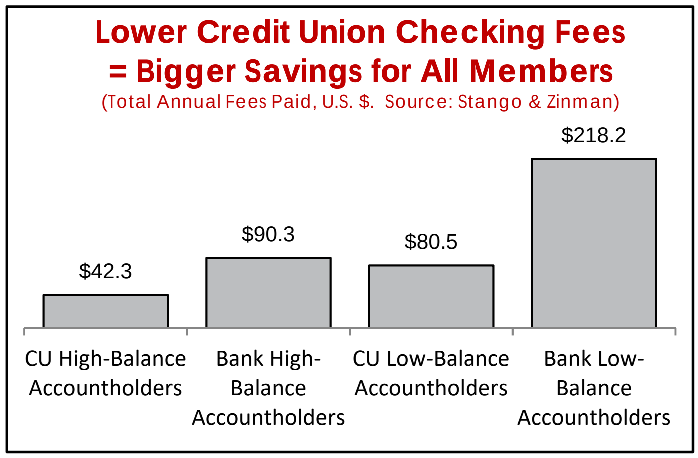
Because of this lower-risk profile and fewer failures, credit unions generally continued lending during the financial crisis while other financial institutions failed or had to curtail operations due to damaged balance sheets caused by excessive risk taking leading up to the crisis. For example, from June 2007—just prior to the onset of the financial crisis—to December 2018, small business loans at credit unions nearly tripled. By contrast, these loans at banks grew only 7% over the nearly 22-year period. Similarly, a study published by the Small Business Administration found "that credit unions are increasingly important sources of small business loans as a longer-run development and in response to fluctuations in small business loans at banks."[20]

This same commitment was evident in the mortgage lending arena. As the secondary market for residential mortgages collapsed in 2007, the amount of first mortgages originated by credit unions

[19] Edward J. Kane and Robert J. Hendershott, *The Federal Deposit Insurance Fund that Didn't Put a Bite on U.S. Taxpayers*, Journal of Banking and Finance, 20 (September 1996), pp. 1305-1327. Kane and Hendershott describe how the cooperative structure of credit unions presents credit union decision makers with incentives that are strikingly different from those faced by a for-profit financial institution, making it less feasible for credit union managers to benefit from high-risk strategies.
[20] James A. Wilcox, *The Increasing Importance of Credit Unions in Small Business Lending,* Office of Advocacy, Small Business Administration, September 2011. p v.

rose by 14% in 2007 and 29% in 2008. Ultimately, by fostering the continued existence of credit unions as a cooperative alternative in the market, the tax exemption supports this countercyclical lending role for credit unions.[21]

Credit unions offer full and fair service to all their members and credit union membership tends to be concentrated in the working class of Americans. Overall, 61% of credit union members who rely primarily on their credit union for financial services have incomes between $25,000 and $100,000. That compares to 54% of bank customers who report incomes in this category. Moreover, the Federal Reserve's *Survey of Consumer Finances* data shows that median bank customer net worth is 8% higher than median credit union customer net worth, and bank customer average net worth ($698,000) is over two times higher than the net worth of the average credit union customer ($310,000).[22]



Compared to other providers, credit unions offer services to lower-income members with less of a price markup than the markup on services offered to higher-income members. For example, a recent study found that the fees banks collect on an annual basis on low-balance checking accounts ($218) are nearly two and a half times what banks collect on high-balance accounts ($90).[23] By contrast, the fees credit unions collect on low-balance accounts ($80) are significantly lower than those collected by banks on low-balance accounts and they are even less than what banks collect on their high-balance accounts. In other words, consumers generally get better deals from credit unions than from banks and this is particularly true for lower-income members.

In addition to providing access to financial services, credit unions also endeavor to provide financial literacy education to their members and to encourage individual and family level thrift and saving. In 2018, nearly 90% of credit union members belong to a credit union that offers some form of financial education. Over two-thirds (68%) of credit union members belong to a credit union that offers financial literacy workshops. And one-in-five credit union members belong to a credit union that operates one or more in-school branches. Credit unions engage in this activity not just out of altruism, but also because it is in the best interest of the credit union to have members who are educated on how to best use the cooperative.

[21] Appendix II contains state-by-state mortgage and business loan growth experience during the crisis and its aftermath
[22] See https://www.federalreserve.gov/econres/scfindex.htm Data reported here represent an average of the six surveys conducted by the Federal Reserve Bank between 2001 and 2006.
[23] Victor Stango and Jonathan Zinman, *What People Pay: Deposit Account Fees at Banks and Credit Unions,* Filene Research Institute, November 2009. The authors, from the University of California, Davis and Dartmouth College analyzed the results of actual account usage at banks and credit unions. The annual fee totals are the result of the volume of various types of transactions, and the pricing of those transactions.

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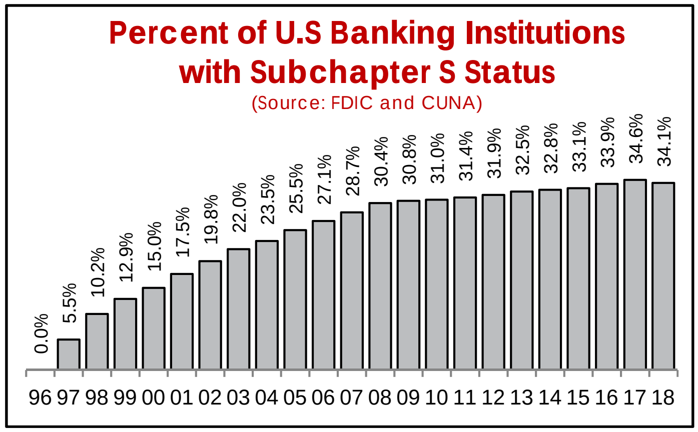
Tax Treatment and Public Policy Goals

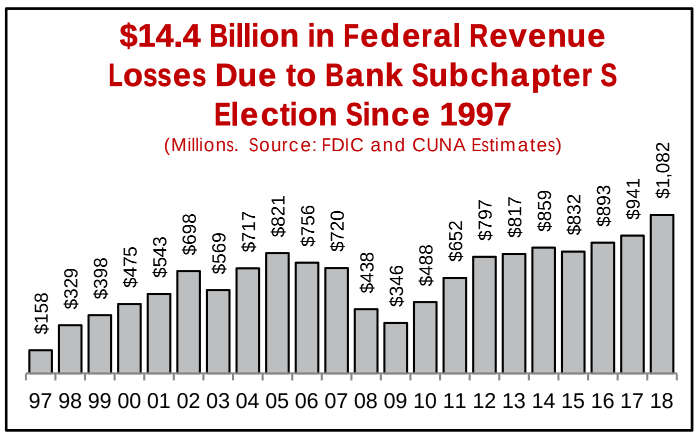
Tax policy has consistently recognized that the health of small, locally-controlled businesses is vital to the country's economic health. The credit union tax exemption furthers this goal. In the for-profit banking sector this goal is similarly advanced when banks choose the tax advantage of Subchapter S status—investor-owned firms with no more than 100 shareholders.

At year-end 2018 there were 1,841 Subchapter S banking institutions in the U.S.—over one-third of all banks. These institutions jointly account for over one-half trillion in total assets, an amount that is equal to more than one-third of all credit union assets. While bank Subchapter S election is not the same as a tax exemption, it does significantly reduce U.S. Treasury revenue by between a quarter and a third compared to what those banks would pay as normal Subchapter C corporations. Specifically, the U.S. Treasury's foregone revenue due to bank Subchapter S election is estimated to be $1.1 billion in 2018 and $14.4 billion since 1997.[24]



Percent of U.S Banking Institutions with Subchapter S Status
(Source: FDIC and CUNA)

Just as the government recognizes the importance of providing special tax status to Subchapter S banks, it also recognizes the importance of the credit union tax exemption for public policy goals. Indeed, the importance of having not-for-profit credit unions as vibrant and viable alternatives in the financial services marketplace is as significant today as it has ever been and the credit union tax exemption is crucial to encourage and support the continued existence of this alternative cooperative component of the financial system. In the aftermath of the financial crisis, more Americans are choosing credit unions as their best financial partner. In fact, 4.9 million Americans joined credit unions in 2018 alone.



$14.4 Billion in Federal Revenue Losses Due to Bank Subchapter S Election Since 1997
(Millions. Source: FDIC and CUNA Estimates)

Through these and other activities, credit unions employ the tax status to fulfill the purpose for which it was created. As a result, the credit union tax status has proved not only to be good public policy but also to represent an incredible return on the investment that the government has made. Credit unions provide accessible and affordable basic financial services to people of all means and encourage the equitable distribution of capital across all individuals, families, communities, and small businesses. Credit unions infuse financial market competition with multiple and differentiated competitive business models. They help keep financial services accessible – and affordable – for all

[24] A detailed state-by-state listing of bank Subchapter S election, including estimated foregone revenue appears in Appendix III.

consumers, whether they are members of a credit union or not.

Taxation and Mutual Savings Banks

Some in the for-profit financial services sector would like to see Congress repeal the credit union tax exemption. Often mentioned in these discussions is the notion that credit unions are larger today than historically and that they offer the same products and services offered by banking institutions. Thus, they claim that credit unions ought to be treated like mutual savings banks – a class of depositories that lost its tax-exempt status in 1951.

However, mutual savings banks lost their tax exemption in 1951 not because they had become ''too big'' or too similar to other financial services providers, but because they had lost their mutuality in the sense that the institutions' depositors did not exercise democratic control of the enterprise. By contrast, the principle of mutuality continues to be central to how credit unions are structured and operate.

Mutual savings banks engaged in widespread proxy voting schemes. Federal credit unions are prohibited from using proxy votes under the Federal Credit Union Act (12 USC 1760), whereas mutual savings banks continue to use proxy voting to this day. Thus, in a mutual savings bank, the board, which directs all policies and operations of the institution, can be elected through control of the proxies. Further, mutual savings banks were not democratically controlled—voting was based on the size of each member's deposit. Mutual savings banks can—and often do—apportion voting privileges based on one vote for each $100 in an account, up to 1,000 votes. As recently as 1998, the OTS changed its regulations to permit mutual savings banks to amend their bylaws to allow from one to 1,000 votes per member. In direct contrast to this practice, each credit union member has always had one vote, regardless of the amount they have in the credit union.

So, while some mutual savings banks claim that they are, ''community and employee owned,'' it's unlikely that their depositors enjoy the equal ownership and voting rights afforded to all credit union members. In fact, what the thrift regulator and the courts have said about ownership rights of federally chartered mutual thrift depositors clearly support this. An illustrative case is Ordower v. Office of Thrift Supervision, where mutual bank depositors challenged the OTS's approval of a conversion from a mutual savings bank to stock form. The court stated, "Nominally the customers own the mutual, but it is ownership in name only."

While Congress found that mutual savings banks had evolved into commercial bank competitors this is not why they lost their tax exemption and even so, there is no evidence that today's credit unions are a competitive threat to banks or thrifts. The current level of credit union competition in the marketplace pales in comparison to the presence that mutual savings banks had in 1951. Indeed, at the time mutual savings banks lost their tax exemption they controlled over 50% of all consumer deposits in the U.S. By contrast in 2018, credit unions held only 10% of total consumer deposits in the U.S.

The real competition in the banking industry has been taking place between small and large banks.

Since 1992, small community banks have lost nearly two-thirds of their depository market share to the largest 100 U.S. banking institutions, while credit unions have essentially maintained their depository market share in the 6% to 7% range over that period.

Conclusion

Taxing credit unions would result in negative consequences for savers and borrowers, the most severe of which would be the erosion of a credit union option for millions of Americans. If taxed, a significant number of larger credit unions would likely convert to banks and an equally significant number of smaller credit unions would likely liquidate. The remaining credit unions would have to pass the burden of taxation through to their members because they are wholly owned cooperatives, increasing the cost of accessing mainstream financial services.

Taxing credit unions would undermine the purpose for which credit unions were created, and amount to a gift of tens of millions of customers to the for-profit banking industry at a time when the public is exceptionally dissatisfied with that industry and actively pursuing alternatives. Furthermore, taxing credit unions would do very little in terms of addressing the federal budget deficit. Taxing credit unions would have offset only 0.04% of the federal government's spending in 2018 funding federal government operations for a mere 3.8 hours. But taxing credit unions would result in losses of financial and other benefits to members and nonmembers that would dwarf the amount of federal taxes credit unions would pay.

One of the motivations behind comprehensive tax reform is to reduce distortions of resource allocation caused by preferences and exemptions, thereby allowing a reduction in corporate tax rates by expanding the tax base. The resource reallocation occasioned by the credit union tax exemption has been modest – for the past two decades credit unions have accounted for only 6% to 7% of the assets in U.S. depository institutions. Nevertheless, as described above, approximately tens of millions of working-class Americans benefit in an amount much greater than the cost of the tax exemption.

Credit Union National Association

CUNA

Appendix IA

2018 Estimated Total Financial Benefit Arising From Current CU Tax Status

Including Tax Revenues from Higher Savings Yields and Member and Non-Member Financial Benefits

Sources: FDIC, NCUA, and CUNA

State	(I) Total Number of Institutions	(II) Total Assets (Billions)	(III) Estimated Foregone Tax Revenue (Millions)	(IV) Estimated Increase in Tax Revenue Arising From Higher CU Savings Yields (Millions)	(V) Estimated Foregone Tax Revenue Net of Savings Yield Taxes (Millions) (IV-III)	(VI) Estimated Total Member Benefits (Millions)	(VII) Estimated Non-Member Benefits (Millions)	(VIII) Estimated Total Member and Non-Member Benefits (Millions)	(IX) Total Public Benefit Net of Tax Exemption (Millions) (VIII) - (V)
Alabama	109	$22.5	$24.3	$6.6	$17.7	$230.8	$90.0	$320.7	$303.1
Alaska	10	$9.9	$9.2	$3.5	$5.6	$70.8	$27.6	$98.4	$92.8
Arizona	42	$17.8	$23.0	$1.6	$21.4	$132.2	$51.5	$183.7	$162.3
Arkansas	55	$2.9	$3.1	$0.2	$2.9	$32.8	$12.8	$45.5	$42.7
California	308	$197.4	$229.0	$36.8	$192.2	$1,715.4	$669.0	$2,384.4	$2,192.2
Colorado	80	$25.9	$31.3	$6.7	$24.6	$177.0	$69.0	$246.1	$221.5
Connecticut	95	$10.8	$8.2	$1.4	$6.7	$90.6	$35.3	$125.9	$119.2
Delaware	17	$2.3	$1.3	$0.4	$0.9	$16.3	$6.4	$22.7	$21.7
DC	37	$8.1	$9.3	$1.6	$7.7	$36.5	$14.2	$50.7	$43.0
Florida	132	$67.0	$83.1	$8.6	$74.5	$530.7	$207.0	$737.6	$663.1
Georgia	100	$23.8	$27.4	$2.0	$25.4	$226.6	$88.4	$315.0	$289.5
Hawaii	52	$11.1	$10.7	$1.5	$9.2	$76.0	$29.6	$105.6	$96.4
Idaho	34	$10.0	$15.5	$4.4	$11.1	$72.9	$28.4	$101.3	$90.2
Illinois	252	$47.1	$41.4	$6.9	$34.5	$327.9	$127.9	$455.8	$421.3
Indiana	154	$27.9	$30.3	$5.2	$25.0	$139.1	$54.2	$193.3	$168.3
Iowa	87	$19.1	$27.2	$1.2	$25.9	$109.0	$42.5	$151.5	$125.6
Kansas	78	$6.8	$6.1	$0.7	$5.4	$88.5	$34.5	$123.0	$117.6
Kentucky	63	$9.4	$11.8	$3.1	$8.6	$81.8	$31.9	$113.6	$105.0
Louisiana	174	$11.7	$11.8	$1.7	$10.1	$156.5	$61.0	$217.5	$207.5
Maine	54	$7.6	$8.2	$3.0	$5.2	$71.4	$27.8	$99.2	$94.0
Maryland	83	$25.1	$25.0	$6.7	$18.3	$260.0	$101.4	$361.4	$343.1
Massachusetts	160	$39.1	$36.7	$4.3	$32.4	$204.5	$79.7	$284.2	$251.8
Michigan	221	$62.9	$81.9	$12.9	$69.0	$423.2	$165.0	$588.2	$519.2
Minnesota	106	$23.6	$29.3	$2.2	$27.1	$139.1	$54.2	$193.3	$166.2
Mississippi	74	$5.7	$7.1	$1.0	$6.1	$70.5	$27.5	$98.0	$91.9
Missouri	110	$14.8	$12.9	$2.2	$10.7	$110.2	$43.0	$153.2	$142.5
Montana	50	$5.2	$5.0	$0.1	$4.9	$16.1	$6.3	$22.4	$17.5
Nebraska	58	$3.7	$4.0	-$0.1	$4.2	$26.5	$10.3	$36.8	$32.6
Nevada	15	$5.1	$8.4	$0.1	$8.4	$38.9	$15.2	$54.0	$45.7
New Hampshire	15	$8.4	$8.6	$3.4	$5.2	$88.3	$34.4	$122.8	$117.5
New Jersey	159	$13.8	$7.5	$1.2	$6.4	$80.9	$31.5	$112.4	$106.0
New Mexico	41	$11.2	$14.2	$2.7	$11.4	$126.6	$49.4	$175.9	$164.5
New York	336	$83.6	$85.5	$10.6	$74.9	$535.9	$209.0	$744.8	$669.9
North Carolina	71	$56.4	$63.0	$18.1	$44.9	$331.9	$129.4	$461.4	$416.5
North Dakota	34	$3.8	$4.4	$0.5	$3.8	$20.5	$8.0	$28.4	$24.6
Ohio	262	$30.6	$31.9	$7.4	$24.4	$193.6	$75.5	$269.1	$244.7
Oklahoma	60	$14.6	$15.4	$2.7	$12.7	$165.7	$64.6	$230.3	$217.6
Oregon	58	$23.1	$34.8	$0.0	$34.8	$107.0	$41.7	$148.8	$114.0
Pennsylvania	367	$48.6	$53.5	$14.9	$38.6	$470.8	$183.6	$654.4	$615.8
Rhode Island	20	$6.8	$7.0	$0.5	$6.5	$24.8	$9.7	$34.5	$28.0
South Carolina	62	$14.8	$20.5	$2.8	$17.7	$116.2	$45.3	$161.5	$143.8
South Dakota	37	$3.4	$2.7	$0.4	$2.3	$25.7	$10.0	$35.7	$33.3
Tennessee	140	$25.1	$35.0	$4.0	$31.1	$223.0	$87.0	$310.0	$278.9
Texas	452	$104.4	$113.5	$17.2	$96.3	$1,127.7	$439.8	$1,567.6	$1,471.3
Utah	62	$28.5	$51.4	$4.1	$47.4	$219.8	$85.7	$305.5	$258.2
Vermont	19	$4.4	$4.8	$1.7	$3.1	$44.9	$17.5	$62.4	$59.3
Virginia	124	$156.4	$281.8	$34.7	$247.0	$1,446.2	$564.0	$2,010.2	$1,763.2
Washington	85	$55.4	$78.7	$4.2	$74.6	$274.4	$107.0	$381.5	$306.9
West Virginia	86	$3.7	$3.7	$0.7	$3.0	$23.1	$9.0	$32.1	$29.1
Wisconsin	125	$39.0	$55.9	$5.3	$50.7	$235.0	$91.6	$326.6	$276.0
Wyoming	26	$3.3	$3.8	$0.4	$3.4	$20.0	$7.8	$27.8	$24.4
Totals	5,451	$1,463.8	$1,800.0	$414.4	$1,385.6	$11,786.4	$4,596.7	$16,383.1	$14,997.5

Definitions

(I) Total number of institutions at year-end 2018.

(II) Total assets in these institutions at year-end 2018 in billions of dollars.

(III) Estimated foregone tax revenue. This is the estimated dollar amount (in millions) of taxes foregone by the U.S. Treasury due to the favorable tax status granted to these institutions. The credit union foregone revenue is calculated by applying 2017 credit union net income to the current corporate tax rates schedule.

(IV) Estimated increase in tax revenue arising from higher credit union savings yield refers to the 2018 relative dollar benefits (in millions) arising from the institutional structure adopted by the respective institutions. Banking institutions are for profit and therefore have stockholders who expect the banks to deliver market rates of return on equity investment. On average, roughly 65% of bank net income is used to pay stockholder dividends. By contrast, credit unions are not-for-profit, democratically-controlled financial cooperatives. Without stockholders or paid directors, credit unions return profits to their members in the form of higher interest rates on savings accounts, lower interest rates on loans and fewer and lower fees. Column (IV) is an estimate of the dollar value of the benefit credit unions pass through to member-depositors as a result of higher savings yields. We calculate the benefit by using Datatrac pricing data to identify average differences in bank and credit union interest rates and fees -- then applying those differences to the average balances outstanding at credit unions. We then multiply this by our estimate of the tax rate members pay on the benefits they receive from the higher savings yield.

(V) Member/Customer benefit net of tax treatment. This is the amount by which benefits passed along to members/customers exceed the tax advantage (positive numbers) or by which the tax advantage exceed the benefits passed through to member/customers (negative numbers).

(VI) Estimated total member benefits. This represents the total of benefits to credit union members from higher savings yields, lower interest rates on

(VII) Estimated total non-member benefits. This represents the benefit to bank customers as a result of banks competing with credit unions.

Appendix IB

Estimated Total Financial Benefit Arising From Current CU Tax Status

Ten Year Totals and Distribution of 2018 Benefits

State	Total Benefits Over Ten Years Ending 2018	Total 2018 Benefits	Distribution of 2018 Membership Benefits: Benefits Arising From Higher Savings Yields	Benefits Arising From Lower Loan Interest Rates	Benefits Arising From Fewer/Lower Fees
Alabama	1,646,683,550	230,753,512	44,282,023	148,781,268	37,690,221
Alaska	803,064,543	70,805,589	23,642,346	39,192,557	7,970,686
Arizona	1,037,507,488	132,150,384	10,627,277	104,831,350	16,691,757
Arkansas	254,672,796	32,767,717	1,497,299	26,448,745	4,821,672
California	10,470,345,970	1,715,385,294	245,608,865	1,372,908,367	96,868,063
Colorado	1,283,719,621	177,015,309	44,942,967	117,375,441	14,696,901
Connecticut	690,934,572	90,588,784	9,517,044	74,321,623	6,750,117
Delaware	191,699,444	16,309,888	2,630,503	9,661,992	4,017,394
District of Columbia	378,774,102	36,481,619	10,863,431	22,222,384	3,395,804
Florida	4,110,061,493	530,657,662	57,396,784	427,056,180	46,204,697
Georgia	1,591,728,444	226,584,828	13,394,356	186,968,894	26,221,578
Hawaii	660,219,298	75,956,391	9,773,521	56,611,438	9,571,432
Idaho	598,473,961	72,913,047	29,055,868	25,486,545	18,370,634
Illinois	2,362,606,946	327,934,435	46,068,873	248,581,520	33,284,042
Indiana	1,251,630,642	139,054,533	34,912,372	79,432,821	24,709,340
Iowa	890,912,819	109,011,799	8,258,260	87,218,356	13,535,183
Kansas	645,672,582	88,496,373	4,680,985	71,950,530	11,864,858
Kentucky	513,159,209	81,761,316	20,995,893	48,950,816	11,814,606
Louisiana	1,051,094,808	156,504,644	11,597,231	109,571,117	35,336,295
Maine	480,442,915	71,372,877	20,002,445	43,017,760	8,352,672
Maryland	1,903,163,624	259,992,492	44,419,937	177,177,481	38,395,074
Massachusetts	2,295,653,470	204,454,667	28,413,607	159,168,492	16,872,568
Michigan	3,265,559,907	423,182,384	85,678,179	266,083,979	71,420,226
Minnesota	1,160,969,372	139,058,123	14,567,105	109,668,673	14,822,345
Mississippi	522,566,174	70,532,419	6,741,722	47,206,676	16,584,021
Missouri	1,040,623,488	110,182,214	14,368,512	85,078,755	10,734,948
Montana	184,498,750	16,118,118	838,071	12,339,216	2,940,830
Nebraska	313,615,903	26,476,912	-904,331	21,490,679	5,890,564
Nevada	352,960,115	38,866,813	475,359	28,498,669	9,892,785
New Hampshire	725,420,853	88,310,042	22,629,941	59,053,539	6,626,562
New Jersey	574,158,902	80,854,073	7,749,590	63,065,830	10,038,653
New Mexico	826,255,096	126,574,044	18,330,727	91,673,985	16,569,333
New York	4,340,576,740	535,854,089	70,785,150	373,927,324	91,141,614
North Carolina	2,181,643,671	331,907,641	120,616,932	159,610,060	51,680,649
North Dakota	157,178,888	20,452,970	3,492,313	15,513,171	1,447,486
Ohio	1,541,480,198	193,632,473	49,530,181	109,217,530	34,884,762
Oklahoma	1,174,547,820	165,683,595	18,159,795	114,758,423	32,765,376
Oregon	1,313,304,824	107,032,921	-136,439	89,341,924	17,827,436
Pennsylvania	2,964,526,941	470,820,229	99,006,321	330,851,741	40,962,166
Rhode Island	234,955,183	24,795,232	3,657,259	16,500,261	4,637,712
South Carolina	946,160,223	116,171,984	18,686,452	71,267,348	26,218,184
South Dakota	218,166,522	25,651,165	2,439,117	13,105,475	10,106,573
Tennessee	1,659,625,814	223,007,413	26,529,026	171,959,406	24,518,981
Texas	8,745,308,201	1,127,740,685	114,837,815	882,945,500	129,957,371
Utah	1,789,756,802	219,810,748	27,035,371	142,640,536	50,134,842
Vermont	298,135,050	44,892,694	11,242,532	26,101,711	7,548,451
Virginia	10,327,945,449	1,446,213,903	231,591,210	1,104,303,228	110,319,465
Washington	2,784,244,637	274,440,058	27,690,155	195,564,856	51,185,046
West Virginia	194,886,835	23,091,514	4,567,802	17,086,096	1,437,616
Wisconsin	1,700,314,300	234,994,074	35,014,185	182,548,705	17,431,184
Wyoming	237,635,311	20,014,555	2,412,323	16,358,989	1,243,243
Totals	81,529,987,583	11,786,394,047	2,762,774,854	7,664,252,111	1,359,367,083

Appendix II

Credit Unions Serve as Counter-Cyclical Influence - Continuing to Lend as Other Lenders Pull Back

Sources: FDIC, NCUA, and CUNA

	% Change in Credit Union 1st Mortgage Originations During Height of Crisis			Small Business Loan Growth: June 2007 to December 2018		
State	2007	2008	2009	Banking Institutions	Credit Unions	Difference
Alabama	22.7%	36.6%	2.1%	-39.7%	212.2%	251.9%
Alaska	19.0%	32.1%	63.7%	-25.5%	287.1%	312.6%
Arizona	23.5%	-23.4%	3.4%	-39.4%	302.7%	342.1%
Arkansas	8.6%	28.7%	-7.3%	28.2%	2358.5%	2330.3%
California	16.4%	1.8%	12.0%	-12.1%	43.6%	55.6%
Colorado	32.10%	41.5%	51.5%	-24.5%	212.1%	236.6%
Connecticut	8.70%	14.5%	102.3%	21.3%	1139.4%	1118.1%
Delaware	37.40%	14.9%	-2.5%	33.6%	21893.0%	21859.4%
Columbia	-9.70%	5.9%	132.7%	-51.0%	1007.3%	1058.3%
Florida	8.00%	-20.0%	-1.1%	-37.7%	191.0%	228.7%
Georgia	13.20%	23.2%	48.6%	-32.0%	360.2%	392.1%
Hawaii	37.30%	39.5%	38.9%	-16.7%	70.2%	86.8%
Idaho	19.30%	24.2%	94.6%	-16.6%	1497.3%	1513.9%
Illinois	29.0%	33.0%	55.7%	11.6%	239.7%	228.1%
Indiana	20.1%	14.0%	37.8%	-3.3%	204.2%	207.5%
Iowa	16.10%	14.8%	63.8%	5.9%	520.2%	514.3%
Kansas	33.8%	66.0%	46.3%	-1.6%	123.7%	125.3%
Kentucky	21.4%	14.7%	10.9%	-2.8%	611.9%	614.7%
Louisiana	18.0%	14.8%	18.7%	2.5%	1900.1%	1897.6%
Maine	29.7%	16.4%	17.6%	-44.4%	316.4%	360.8%
Maryland	18.5%	42.3%	56.3%	-36.1%	1157.5%	1193.6%
Massachusetts	1.5%	58.6%	42.0%	17.8%	261.2%	243.4%
Michigan	-12.3%	31.3%	51.5%	-59.0%	417.6%	476.6%
Minnesota	2.0%	8.9%	70.6%	-9.8%	178.4%	188.2%
Mississippi	20.6%	17.1%	82.8%	48.0%	791.6%	743.6%
Missouri	9.4%	31.9%	79.9%	-6.1%	628.8%	634.9%
Montana	7.5%	213.3%	9.9%	37.6%	7.0%	-30.6%
Nebraska	-11.3%	14.3%	73.3%	19.6%	-1.4%	-21.0%
Nevada	10.0%	-18.1%	-29.4%	-93.2%	34.0%	127.2%
New Hampshire	4.9%	93.8%	28.6%	-42.8%	383.4%	426.2%
New Jersey	7.5%	37.1%	64.9%	8.4%	165.8%	157.4%
New Mexico	14.7%	19.3%	11.4%	-48.0%	645.8%	693.7%
New York	18.8%	38.1%	105.3%	-22.3%	175.7%	198.0%
North Carolina	10.2%	60.3%	-4.8%	-24.2%	86.6%	110.8%
North Dakota	6.8%	24.1%	60.1%	5.9%	164.8%	158.9%
Ohio	10.3%	29.6%	52.0%	-10.0%	426.7%	436.7%
Oklahoma	14.5%	17.5%	47.5%	10.9%	39.5%	28.6%
Oregon	19.7%	36.0%	59.9%	-38.8%	159.2%	198.0%
Pennsylvania	15.8%	28.0%	73.2%	-34.6%	446.2%	480.8%
Rhode Island	1.6%	75.8%	22.8%	234.0%	103.4%	-130.7%
South Carolina	19.2%	17.4%	33.3%	-39.0%	963.8%	1002.9%
South Dakota	4.9%	20.1%	119.1%	60.6%	234.2%	173.6%
Tennessee	8.2%	26.9%	18.2%	11.1%	392.8%	381.8%
Texas	14.5%	15.1%	26.7%	12.4%	107.1%	94.6%
Utah	22.4%	-5.2%	13.2%	79.3%	115.1%	35.8%
Vermont	14.1%	22.6%	122.2%	-51.7%	580.4%	632.1%
Virginia	10.0%	15.5%	25.9%	70.9%	841.8%	770.9%
Washington	25.2%	21.7%	59.7%	-19.0%	410.7%	429.8%
West Virginia	1.6%	21.3%	-8.8%	6.2%	120.7%	114.4%
Wisconsin	3.3%	40.6%	63.6%	-25.1%	159.4%	184.5%
Wyoming	-3.6%	29.4%	39.7%	-3.2%	188.0%	191.2%
Totals	13.6%	29.0%	44.3%	-5.8%	180.6%	186.4%

Appendix III

Bank Federal Income Tax Breaks Total $30 Billion in 2018

Bank Tax Breaks are 17 Times Larger Than the CU Tax Expenditure

Sources: Joint Committee on Taxation (JCT), FDIC, NCUA, CUNA.

	Subchapter S Banks				All other U.S Banks				All U.S. Banks
State	Number of Banks	Total Assets (Millions)	Taxable Income (Millions)	2018 Foregone Treasury Revenue (Millions)	Number of Banks	Total Assets (Millions)	Taxable Income (Millions)	2018 Foregone Treasury Revenue (Millions)	Foregone Treasury Revenue in Millions (i.e., Bank Benefits from Favorable Tax Reform)
Alabama	37	$8,504	$112.2	$14.4	82	$263,762	$3,892.1	$389.2	$403.6
Alaska	1	$567	$5.3	$0.7	4	$5,953	$106.4	$10.6	$11.3
Arizona	0	$0	$0.0	$0.0	15	$27,313	$586.3	$58.6	$58.6
Arkansas	36	$9,851	$140.9	$18.1	57	$97,752	$1,904.8	$190.5	$208.5
California	13	$10,115	$194.2	$24.9	142	$794,554	$12,052.6	$1,205.3	$1,230.2
Colorado	23	$7,297	$116.1	$14.9	56	$57,638	$898.2	$89.8	$104.7
Connecticut	1	$122	$0.7	$0.1	37	$113,358	$1,457.0	$145.7	$145.8
Delaware	1	$177	$5.6	$0.7	21	$1,077,803	$18,227.2	$1,822.7	$1,823.4
Dist. of Columbia	0	$0	$0.0	$0.0	3	$1,266	$6.8	$0.7	$0.7
Florida	25	$7,502	$115.5	$14.8	92	$194,475	$2,424.0	$242.4	$257.2
Georgia	53	$11,824	$192.6	$24.7	115	$309,683	$5,107.6	$510.8	$535.5
Hawaii	0	$0	$0.0	$0.0	8	$54,087	$867.1	$86.7	$86.7
Idaho	2	$434	$5.1	$0.6	11	$6,176	$105.9	$10.6	$11.2
Illinois	162	$47,757	$604.4	$77.5	274	$467,888	$6,037.9	$603.8	$681.3
Indiana	19	$5,210	$74.2	$9.5	85	$92,100	$1,376.9	$137.7	$147.2
Iowa	176	$41,636	$588.3	$75.4	112	$45,233	$666.6	$66.7	$142.1
Kansas	123	$28,821	$405.5	$52.0	112	$43,866	$545.1	$54.5	$106.5
Kentucky	54	$14,783	$192.9	$24.7	94	$44,227	$613.6	$61.4	$86.1
Louisiana	52	$14,795	$214.4	$27.5	65	$66,071	$795.8	$79.6	$107.1
Maine	0	$0	$0.0	$0.0	26	$28,702	$350.6	$35.1	$35.1
Maryland	3	$1,264	$31.8	$4.1	43	$44,386	$663.7	$66.4	$70.4
Massachusetts	1	$48	$20.2	$2.6	119	$406,945	$5,095.9	$509.6	$512.2
Michigan	9	$2,362	$31.9	$4.1	84	$82,295	$1,272.3	$127.2	$131.3
Minnesota	203	$34,780	$489.3	$62.7	90	$38,551	$558.3	$55.8	$118.6
Mississippi	24	$7,332	$110.1	$14.1	49	$95,374	$1,296.1	$129.6	$143.7
Missouri	113	$26,466	$401.6	$51.5	143	$140,837	$2,237.8	$223.8	$275.3
Montana	16	$6,856	$125.6	$16.1	32	$30,502	$555.6	$55.6	$71.7
Nebraska	65	$18,606	$270.5	$34.7	105	$59,307	$922.6	$92.3	$126.9
Nevada	3	$659	$184.2	$23.6	16	$270,942	$5,292.6	$529.3	$552.9
New Hampshire	0	$0	$0.0	$0.0	17	$11,283	$103.7	$10.4	$10.4
New Jersey	6	$5,374	$95.9	$12.3	69	$155,822	$1,798.1	$179.8	$192.1
New Mexico	22	$8,706	$142.3	$18.2	15	$4,749	$69.9	$7.0	$25.2
New York	5	$3,997	$114.6	$14.7	140	$1,127,093	$15,039.8	$1,504.0	$1,518.7
North Carolina	1	$895	$11.9	$1.5	46	$2,067,724	$41,835.9	$4,183.6	$4,185.1
North Dakota	48	$13,180	$199.7	$25.6	27	$18,751	$272.0	$27.2	$52.8
Ohio	22	$8,389	$142.6	$18.3	160	$3,163,353	$51,804.8	$5,180.5	$5,198.8
Oklahoma	133	$60,705	$956.2	$122.6	68	$58,549	$951.8	$95.2	$217.8
Oregon	3	$883	$11.3	$1.4	14	$31,323	$520.6	$52.1	$53.5
Pennsylvania	2	$3,587	$60.8	$7.8	147	$257,102	$3,379.0	$337.9	$345.7
Rhode Island	1	$302	$2.7	$0.3	7	$139,849	$1,874.5	$187.5	$187.8
South Carolina	5	$1,694	$21.4	$2.7	45	$35,761	$508.5	$50.9	$53.6
South Dakota	31	$7,231	$118.2	$15.1	31	$3,153,493	$49,671.2	$4,967.1	$4,982.3
Tennessee	31	$12,455	$195.9	$25.1	113	$123,704	$2,071.9	$207.2	$232.3
Texas	215	$84,483	$1,339.5	$171.7	223	$423,612	$7,275.9	$727.6	$899.3
Utah	7	$2,018	$37.2	$4.8	34	$724,527	$21,771.1	$2,177.1	$2,181.9
Vermont	0	$0	$0.0	$0.0	11	$5,210	$49.3	$4.9	$4.9
Virginia	0	$0	$0.0	$0.0	74	$742,786	$10,630.1	$1,063.0	$1,063.0
Washington	7	$2,477	$34.0	$4.4	35	$78,512	$1,162.5	$116.3	$120.6
West Virginia	5	$1,005	$3.9	$0.5	46	$31,393	$454.0	$45.4	$45.9
Wisconsin	67	$19,176	$269.6	$34.6	134	$97,064	$1,474.7	$147.5	$182.0
Wyoming	15	$3,875	$45.9	$5.9	16	$4,937	$65.6	$6.6	$12.4
U.S. Totals	**1,841**	**$548,200**	**$8,436.5**	**$1,081.6**	**3,564**	**$17,417,640**	**$288,702.1**	**$28,870.2**	**$29,951.8**