

State-Chartered Credit Unions

JLARC Staff 2017 Tax Preference Performance Evaluation

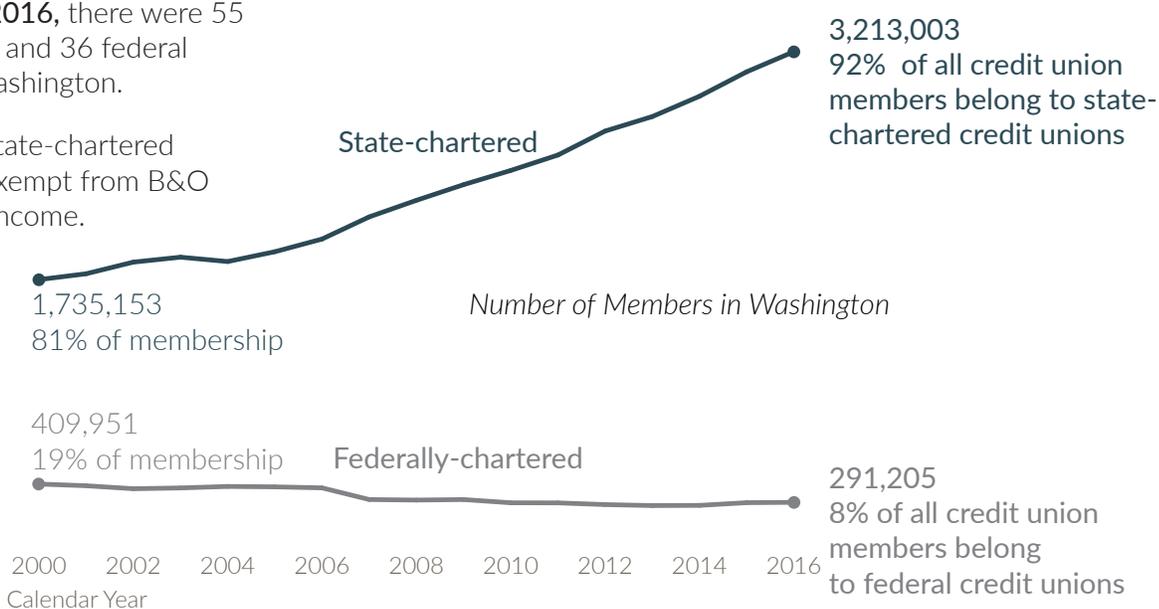
Business and Occupation Tax Preference

Objectives (inferred)	Results
Keep state chartered credit unions under state regulation.	Met. State-chartered and federally chartered credit unions have same B&O tax exemption.
Serve low-income, underserved populations.	Unclear. Serving these populations is not required as a primary focus. Number of low-income members unknown.

State credit union membership has increased while federal membership has decreased

As of September 2016, there were 55 state credit unions and 36 federal credit unions in Washington.

With preference, state-chartered credit unions are exempt from B&O tax on their gross income.



Source: JLARC staff analysis of National Credit Union Administration data, January 2000 - September 30, 2016.

Expectations for serving low-income are unclear

Washington's state-chartered credit unions serve a broad field of members.

No requirements in law or regulation to primarily serve low-income persons.

16 of the 55 state-chartered credit unions reported that over half of their membership is considered low-income.

Legislative Auditor recommendation: Clarify

There are no public policy objectives stated in statute. The Legislature should:

- Provide a **performance statement that provides targets and metrics** to measure whether objectives have been achieved.
- Consider whether an objective to serve low-income populations is consistent with other state-chartered credit union policy objectives, such as providing a broad field of membership.

The complete report is on the JLARC web site.

For more information, contact: Keenan Konopaski, Washington State Legislative Auditor
(360) 786-5187 • keenan.konopaski@leg.wa.gov