IBA is advocating for...

Financial institution tax, that is equitable for ALL marketplace competitors and the customers they serve.

Iowa’s largest financial institution is a credit union that pays no income taxes

<table>
<thead>
<tr>
<th>IOWA’S LARGEST FINANCIAL INSTITUTIONS</th>
<th>ASSETS</th>
<th>NET INCOME (Before Taxes)</th>
<th>INCOME TAXES PAID</th>
</tr>
</thead>
<tbody>
<tr>
<td>GreenState Credit Union</td>
<td>$5.8 billion</td>
<td>$86.6 million</td>
<td>0</td>
</tr>
<tr>
<td>Bankers Trust Company</td>
<td>$5 billion</td>
<td>$81.4 million</td>
<td>$18.3 million</td>
</tr>
<tr>
<td>MidWestOne Bank</td>
<td>$4.6 billion</td>
<td>$56.3 million</td>
<td>$7.7 million</td>
</tr>
<tr>
<td>Veridian Credit Union</td>
<td>$4.3 billion</td>
<td>$54 million</td>
<td>0</td>
</tr>
<tr>
<td>Hills Bank and Trust Company</td>
<td>$3.3 billion</td>
<td>$58.6 million</td>
<td>$12.8 million</td>
</tr>
</tbody>
</table>

Source: S&P Global Market Intelligence, 2019

Iowa banks continue to operate more efficiently than credit unions

A greater percentage of every bank dollar is made available for loans and investments in the community.

Large credit unions mine deposits from rural Iowa communities

The largest credit unions are soliciting high net worth depositors in Iowa’s rural communities to make loans in high-income metropolitan areas — taking those dollars out of our rural communities.

CU industry enjoys a tax exemption estimated to cost the nation $21.9 billion between 2020 and 2029.

Evidence indicates that the credit union industry has strayed from its original, tax-exempt purpose and is in direct competition with its taxed competitors.  

**CREDIT UNIONS ARE USING THEIR TAX EXEMPTION TO:**

1. **LEAVE THEIR MISSION BEHIND**

   **GreenState: A Mission No Longer Served**
   
   ![Image of GreenState](image)

   **Net Income:** $87M  
   **CEO Compensation:** $1.2M  
   **% Low-income Mortgages:** 9%  
   **Commercial Loans as % of Loan Portfolio:** 20%  
   **Commercial Loan Growth:** 22%

   Source: American Bankers Association, 2018; S&P Global Market Intelligence, 2019; IRS Form 990, 2018

   “Credit unions are not more likely than banks to serve lower-income households, and evidence indicates that credit union members may be more well off than bank customers.”  

   Fiscal Fact No. 670, Tax Foundation, Oct. 2019

2. **GROW EXPONENTIALLY**

   **10-Year Asset Growth**

   ![Bar chart showing 10-year asset growth](chart)

   **IA Domiciled Banks:** 46%  
   **All Other IA CUs:** 59%  
   **5 Largest IA CUs:** 229%

   Source: S&P Global Market Intelligence, 2019

3. **ACQUIRE BANKS**

   **Pending acquisitions include:**
   - First American Bank by GreenState Credit Union
   - First Savanna Savings Bank in Illinois by Collins Community Credit Union

   ![Image of GreenState Fieldhouse](image)

   **Credit unions have acquired:**
   
   **21**  
   **U.S. Banks since 2018**

   ![Bar chart showing acquisition growth](chart)

   **Compared with**
   
   **12**  
   **purchases over five years (2012-2017).**


   “Permanently taking taxpaying business entities off treasuries’ tax rolls and shrinking the tax base is a textbook example of poor tax policy.”  

   Source: Due to Growing Concerns, Congress Should Take a Fresh Look at the Merits of the Credit Union Tax Exemption, National Taxpayers Union, Feb. 2020

4. **AGGRESSIVELY MARKET**

   - Solicit high net worth depositors
   - Compete for high-dollar commercial loans
   - Grow membership far beyond a common bond
   - **Straying far from tax-exempt mission:** using income tax-exempt dollars for marketing purposes and naming rights, while other business entities pay their fair share in taxes AND contribute to their communities

   ![Image of GreenState Fieldhouse](image)

   “The 60,000-square-foot fieldhouse—part of the Xtream Arena—will be called the GreenState Family Fieldhouse when it is completed in 2020. GreenState is paying $1.4 million over 10 years as part of the deal.”  

   Source: GreenState CU In 10-Year Deal for Naming Rights to Fieldhouse, CUtoday, Oct. 2019