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October 20, 2021

The Honorable Tim Scott
United States Senate
Washington, DC 20510

Dear Senator Scott:

On behalf of America's credit unions, I am writing in strong support and appreciation for your efforts in opposition to the any action by Congress to violate the privacy of Americans and the details of their accounts at financial institutions. CUNA strongly supports your legislation, the Prohibiting IRS Financial Surveillance Act, to accomplish this important goal. The Credit Union National Association (CUNA) represents America's credit unions and their more than 120 million members.

Like you, we remain concerned that the Congress will legislate burdensome new tax reporting requirements on financial institutions. A proposal by the Treasury Department to require all financial institutions, including small and large credit unions, to report additional account holder information to the Internal Revenue Service in a much larger and more intrusive annual I.R.S. Form 1099-INT for virtually every member and customer.

All financial institutions currently report to the IRS information related to actual taxable events for members and customers, interest earned and mortgage interest paid, for example. This new proposal would result in banks and credit unions turning over to the IRS sensitive account details that in and of themselves do not constitute taxable events. This would leave the IRS with a massive trove of personal financial data that would be used in a manner that is not detailed in the proposal. This is risky and dangerous!

We are also concerned about the effect this proposed new requirement will have on credit unions. Privacy and data security are paramount issues for credit unions and their members. Whether it is the massive data breach at the federal Office of Personnel Management in 2014 or this year's IRS leak of federal tax returns of many wealthy Americans, we remain doubtful that such data will remain safe and private from hackers and other malevolent individuals.

Also, smaller credit unions would be especially burdened by this new proposal. From the increased costs of software upgrades to staff training, smaller institutions would perhaps need financial resources and additional time for implementation to meet the new requirements of the proposal.

On behalf of America's credit unions, I appreciate your efforts to block this intrusive and unnecessary proposal.

Sincerely,

A handwritten signature in black ink that reads "Jim Nussle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jim Nussle
President & CEO