



strength in members.

Federal law permits credit unions to accept public deposits, but New York State local governments are unjustifiably not allowed to deposit municipal funds into credit unions. Effectively, for-profit banks — often based in other states — enjoy a monopoly over the deposit of public funds while community-based, not-for-profit credit unions must routinely refuse service to municipalities including fire departments, villages, schools, and libraries. S.670 would give municipalities a depository choice and an opportunity to save taxpayer dollars by incurring lower fees, receiving better returns, and keeping local funds local. **I strongly support S.670.**

Credit unions are locally owned, not-for-profit financial cooperatives that exist to promote thrift and provide access to credit for provident purposes. Their mission is to help community members get to a better financial place. Unlike banks, which can issue stock to raise capital, credit unions can only grow organically, through member deposits. Credit unions are never beholden to investors. Their fate is tied to the local communities in which they provide banking services. This legislation would create parity, not competition, between banks in addition to benefitting hard-pressed communities.

Local tax dollars should remain in and regenerate its community. Under existing law, public funds are required to be deposited with commercial banks which may not reinvest locally and may not even be headquartered in New York. This legislation is necessary to ensure municipal funds can be deposited in New York credit unions, so that the funds remain local and spur economic development in their home community.

Allowing municipalities to deposit funds in credit unions would ensure New Yorkers are receiving the best return possible on their tax dollars. An analysis performed in 2019 concluded that, if credit unions had authority to accept public deposits, **each \$1 million in deposits in credit unions would produce an additional \$3,238 for the locality**, when compared to a for-profit bank with the same size deposit. In addition to the clear economic benefits outlined above, allowing fire districts, school districts and towns to place their money in credit unions simply makes sense.

As a result of the bank monopoly, there are local town officials who are forced to drive miles out of their way to put money in banks when a credit union is down the street. The current restrictions mean that there are teacher credit unions which can't accept school district funds and fire districts which cannot place money in credit unions that represent said firefighters. Allowing municipal funds to be deposited in their home communities would simply allow public officials the options to place their money where it makes the most sense to do so.

Credit unions play a vital role in the New York State economy. Allow them to do what credit unions in the majority of states can do and help local governments keep local funds local. On behalf of New York's more than six million credit union members and more than 14,000 credit union employees, I urge the Senate **to pass S.670** without delay.