



The Champion for Minnesota Credit Unions

March 14, 2025

Chair Rest
Members of the Senate Taxes Committee
Minnesota Senate
95 University Avenue West
Saint Paul, MN 55155

Chair Rest and Members of the Senate Taxes Committee,

The Minnesota Credit Union Network has reviewed S.F. 2374 and has concerns with the provisions related to the expansion of the state's sales tax to cover more services, including those provided by financial institutions like credit unions. Credit unions operate as not-for-profit organizations with a primary focus on serving their members and communities. Minnesota credit unions provided 2.2 million members with \$468.3 million in direct financial benefits in 2024.

Credit unions have long been an alternative to traditional banks, offering more accessible and community-oriented services, particularly to underserved or low-income populations. Credit unions have played an important role in providing financial services tailored to the specific needs of local communities.

Additionally, credit unions are deeply embedded in their local areas, supporting small businesses, community development initiatives, and local economic growth. For many Minnesotans, especially those in underbanked or economically disadvantaged areas, credit unions are a crucial lifeline that allows them to achieve financial stability and success. Increasing the costs for many financial services could push more people out of the traditional financial institutions sector and into more risky and costly products and this has a disproportionate impact on people with lower income households and communities of color. Data from the FDIC shows that unbanked rates for Black (10.6%), Hispanic (9.5%), American Indian or Alaska Native (12.2%) people far outpace that of Whites (1.9%). Additionally, 14% of Americans are underbanked and any increase in the costs for banking services will have a deleterious effect on their finances.

We ask that you consider the impact of this proposal on credit unions and the communities they serve. It is crucial that we protect access to affordable financial services, especially for those who need it most.

Thank you,

Ryan Smith
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Minnesota Credit Union Network



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