



MOUNTAIN WEST
Credit Union Association

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September 30, 2021

Senator Kyrsten Sinema
317 Hart Senate Office Building
Washington, DC 20510

Senator Mark Kelly
516 Hart Senate Office Building
Washington, DC 20510

Dear Senator Sinema and Senator Kelly:

As the State Treasurer of Arizona and credit unions in Arizona, we oppose a proposal being considered as part of the \$3.5 trillion budget reconciliation bill. This proposal requires credit unions and banks to give the Internal Revenue Service (IRS) citizens' personal account information if the account exceeds \$600 of deposits or withdrawals. As it stands now, this proposal would threaten the financial security of more than 100 million Americans from all demographics.

If it passes, the government will conduct one of the largest data mining exercises in American history, risking the security of the banking system.

The purported intent of this unprecedented data grab is to identify tax evaders. There is no explanation or guidelines for how the IRS would use law-abiding citizens' data to accomplish their stated goal. The IRS has given no evidence that this measure would help in finding tax evaders. This proposed fishing expedition fundamentally changes the nature of the information that financial institutions are required to report and forces financial institutions to provide the government with information that is not related to taxable activity. The U.S. Treasury Department and IRS have both admitted that this proposal would be a tool for them to raise revenue.

Furthermore, the federal government's history of keeping financial data secure is dubious at best. The IRS is one of several government systems that has recently experienced a security data breach. Financial institutions are highly concerned and uneasy about the U.S. government's ability to keep citizens' private data secure.

Consumers could not trust their local credit union or bank if their data is at risk of cybercriminal attacks. Credit unions and banks aim to reduce the number of Americans who are stowing away their savings in unsecure places. Having a financial account is an essential step to financial wellness. Requiring financial institutions to constantly monitor accounts and report to the government would create distrust and cause many to close their financial accounts. The number of unbanked Americans would surely increase, affecting their personal finances and our nation's economy.

The privacy of Arizona's citizens is just one of a multitude of reasons we are opposed to this measure. For financial institutions to comply with this requirement, there would also be significant regulatory burdens added to their operations. This would likely require them to invest in updating software, add and train staff on new procedures, manage complaints regarding the requirement to turn this information over to the government, and maneuver many other logistical problems. All of this will come at a steep cost to banks, credit unions, and consumers.

As State Treasurer and credit unions in Arizona, we join with the many voices and groups from across the nation who strongly oppose this intrusive proposal. Congress should not approve the IRS to have access to law-abiding Arizonan's personal financial transactions in a blatant attempt to tax them unnecessarily. This is an unprecedented overreach that the country has never seen before. We urge you to oppose this measure.

Sincerely,



Kimberly Yee
Treasurer of Arizona



Scott Earl
CEO & President of Mountain West Credit Union Association (MWCUA)