



April 25, 2025

To the Honorable Chair and Members of the Committee:

My name is Kevin Cole, President and CEO of Mid Oregon Credit Union in Bend, OR. Our credit union was started by eight educators in Prineville in 1957 and serve nearly 50,000 members in Central Oregon.

In 2018, Mid Oregon Credit Union acquired the assets of High Desert Bank. The bank had a single branch located in Central Oregon with about \$13 million in assets. The bank was undercapitalized and could not find a buyer in the banking sector. Mid Oregon was able to complete a purchase and assumption agreement, serve the High Desert Bank customers, and offer employment to nearly all the employees of the bank.

This transaction was beneficial to the High Desert Bank customers and employees, and to the Federal Deposit Insurance Corporation. The purchase and assumption agreement avoided conservatorship and liquidation of the bank. Mid Oregon Credit Union continues to service a majority of the members acquired.

A tax as proposed by Oregon SB781 would likely prevent transactions like the purchase and assumption of High Desert Bank by an Oregon chartered credit union. This may result in more rural communities no longer having local access to a financial institution and the end of local servicing of loans and deposits for the customers of acquired institutions.

Oregon has exempted credit unions from certain taxes in Oregon, including corporate income tax and the corporate activities tax. This exemption is granted because of the not-for-profit motive of credit unions and because of the tremendous benefit delivered to Oregon consumers and businesses from the cooperative model of credit unions. Assets acquired from a bank who may be leaving a market, exiting from a line of business, or not effectively meeting the needs of customers do not warrant any special tax treatment.

I strongly encourage the Honorable Chair and Members of the Committee to reject SB781 and to protect rural Oregonians' access to financial services.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Kevin Cole".

Kevin Cole  
President and CEO