

Thursday, May 8, 2026

## **CBAO Response to Proposed Acquisition of an Ohio Community Bank by an Out-of-State Credit Union**

The Community Bankers Association of Ohio (CBAO) has advocated for the independence and strength of Ohio's community banks for more than 50 years. That mission remains unchanged today.

Ohio's community banks serve as the economic foundation of their local communities. Many are locally owned and operated institutions that provide essential financial services to consumers, small businesses, farmers, and local employers. They also contribute meaningfully to their communities through charitable giving, volunteer leadership, local economic development, sponsoring school athletic programs, and providing employment opportunities across Ohio. In fact, more than 75% of Ohio's community banks have served their communities for over 100 years.

Importantly, community banks also contribute significant tax revenue to support local and state public services, including schools, police, fire departments, and infrastructure, through federal corporate taxes, state taxes, and the Ohio Financial Institutions Tax.

The proposed acquisition of an Ohio community bank by an out-of-state credit union raises significant public policy concerns regarding the long-standing statutory and regulatory framework governing Ohio-chartered financial institutions. Ohio law has historically contemplated acquisitions among tax-paying, federally insured banking institutions operating within a defined legal structure. Preserving the integrity and intent of that framework is critical to maintaining a competitive and balanced financial services environment in Ohio.

CBAO believes an effective and durable solution is legislative clarity. CBAO therefore recommends legislation that would explicitly prohibit tax-exempt credit unions from acquiring tax-paying community banks in Ohio. Such legislation would remove ambiguity, establish clear public policy, and protect the long-term integrity of Ohio's independent community banking charter system. Similar legislation has

been enacted in several states, including Tennessee in 2024 and West Virginia in 2025.

The tax exemption granted to credit unions was established decades ago under a vastly different operating environment. That tax-exempt status expired long ago with their “field of membership” requirements. Today, many large credit unions operate with broad commercial powers and increasingly resemble full-service financial institutions while remaining exempt from federal income tax and the Ohio Financial Institutions Tax.

Over the past decade, tax-exempt credit unions have acquired more than 100 community banks nationwide, permanently removing tax-paying institutions from local communities and reducing future tax revenue available to support public services. In Ohio, some of the state’s largest credit unions now generate hundreds of millions of dollars in annual revenue while paying no federal income tax and no Ohio Financial Institutions Tax, all while sponsoring stadiums, arenas, and ballparks across the state. These high-profile marketing expenditures raise legitimate public policy questions regarding whether the current tax exemption framework continues to reflect the original mission and purpose for which it was intended.

This issue extends beyond a single transaction. It is fundamentally about preserving local decision-making, protecting Ohio’s tax base, maintaining competitive fairness, and ensuring that independent community banks remain viable and strong for future generations.

Independence is a choice worth protecting.

CBAO urges Ohio lawmakers and regulators to carefully review the implications of this proposed transaction and take action to preserve the integrity of Ohio’s community banking system, protect local tax revenues, and ensure Ohio communities continue to benefit from locally focused, tax-paying community banks for generations to come.

**About the Community Bankers Association of Ohio (CBAO)**

The Community Bankers Association of Ohio (CBAO) is the financial trade association exclusively representing Ohio's community bank and thrift institutions. The Community Bankers Association of Ohio (CBAO) is organized to establish and maintain an informed network of independent community banks in the state of Ohio that will have the influence and commitment to effectively serve, protect and promote the interests of its members.

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