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DAKOTA
CREDIT UNION
ASSOCIATION

John Alexander
Director of Legislative & Regulatory Affairs

All financial cooperatives are cooperative institutions, but not all cooperative financials are financial cooperatives. This distinction matters.

Credit unions are not-for-profit financial cooperatives that exist solely to serve their members—not shareholders. Every decision is made to benefit individual financial well-being. Unlike for-profit institutions, credit unions lack access to secondary capital and rely solely on retained earnings for growth. Because of their structure, credit unions have been exempt from federal and state income taxes since 1934—not based on size, but on their cooperative model. However, credit unions do pay payroll, property, and sales taxes, just like other businesses.

Cooperative financials, by contrast, operate for profit. Their strategic decisions are driven by revenue growth, and members share in financial success. They can also serve anyone they choose and raise outside capital, unlike credit unions, which face strict membership limitations. In North Dakota, state-chartered credit unions can only serve individuals within 75 miles of a home branch or 50 miles of a satellite location—one of the most restrictive laws in the country. Additionally, credit unions are subject to a 12.25% cap on member business lending, limiting their ability to serve small businesses.

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