Date: June 13, 2026

To: Members, California State Legislature

From: Robert D. Wilson, SVP State Government Affairs

RE: Sales Tax on Prewritten Software

Dear Members of the Legislature:

On behalf of California's Credit Unions, representing credit unions serving more than 14 million Californians, we respectfully oppose the expansion of California's sale tax on prewritten software.

Credit unions are not-for-profit financial cooperatives owned by their members. Unlike investor-owned financial institutions, every dollar paid in new state taxes ultimately comes from the pockets of working Californians through higher loan rates, lower savings returns, reduced services, or diminished investments in local communities. The proposal effectively taxes the very consumers and small businesses that rely on credit unions for affordable financial services.

We are particularly concerned that the proposal would disproportionately impact California state-chartered credit unions. State-chartered institutions already face a unique set of regulatory and compliance obligations under California law. Imposing additional tax burdens on these locally governed institutions creates an uneven playing field and may encourage consolidation or charter conversions, ultimately reducing consumer choice and weakening California's dual-chartering system.

Many credit unions operate in underserved and rural communities where access to affordable financial services is limited. Increased tax liability will reduce the resources available for affordable lending, financial education, small business lending, and investments in low-income communities. At a time when Californians continue to face affordability challenges, policymakers should avoid measures that increase costs for member-owned financial cooperatives and the consumers they serve.

We respectfully urge the Legislature to reject these provisions and pursue budget solutions that do not undermine California consumers, community-based financial institutions, and the millions of credit union members who rely on them.

Sincerely,

Robert Wilson
Senior Vice President, State Government Affairs
California's Credit Unions