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OPINION

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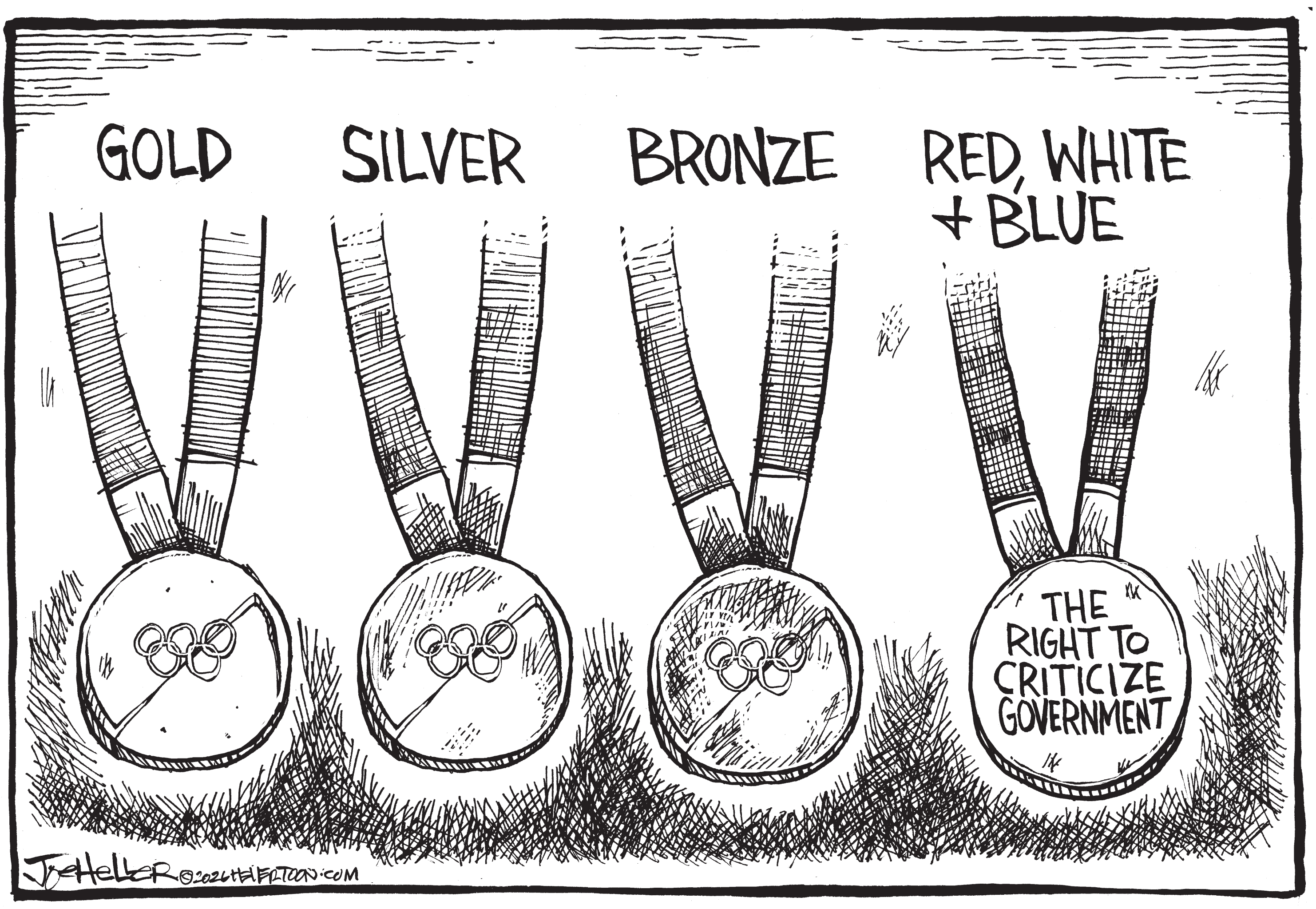

Protecting Kentucky's Community Banks Starts with Fixing Washington's Stablecoin Gap

By **REPRESENTATIVE MICHAEL MEREDITH**

Today, 148 community banks operate across the Commonwealth, serving farmers, small-business owners, and families. I've spent my career in community banking. We know our customers, and we put their interests first. The success of these banks is no coincidence. It stems from a simple model: deposits flow in, and loans are issued out to support local growth.

However, this model is now at risk due to a loophole in federal law. The GENIUS Act, signed into law by President Trump, aimed to encourage innovation while setting safeguards for the growing crypto industry. Most importantly, it prohibited stablecoin issuers from paying interest to holders. Stablecoins were created as a modern payment tool, not to replace deposits in community banks or money market funds.

Unfortunately, almost immediately after the law was passed, companies began finding ways around it. While stablecoin issuers are barred from paying interest, affiliates and exchanges started offering "rewards" and yield programs to stablecoin holders. These programs are essentially the same as the interest payments Congress aimed to ban.

In other words, what Congress clearly prohibited directly is now being done indirectly.

If this loophole remains open, the consequences could be profound. The Treasury Department has warned that up to $6.6 trillion in deposits nationwide could shift into stablecoins if unregulated interest-like programs continue to grow. That is not a theoretical concern — that is a direct threat to the deposits that make community lending possible.

Research from the Federal Reserve Bank of Kansas City shows that every $1 shift from banks to stablecoins reduces bank lending by about 50 cents. For Kentucky, where community banks fund everything from agricultural loans to small-town startups, such a reduction would be devastating.

And the damage would not be felt equally. It would hit underserved and rural communities the hardest. Kentucky's community banks are often the only financial institutions serving these areas. If their deposits decline, interest rates will rise, loan availability will decrease, and families and small businesses will suffer the most. Stablecoin issuers, unlike banks, do not have Community Reinvestment Act obligations. They are not required to lend locally. Deposits that leave Kentucky communities for unregulated digital platforms are unlikely to ever return.

Congress must close this loophole before real damage is done. That involves clarifying that interest-like "rewards" offered through affiliates or exchanges break the intent of federal law. Lawmakers must also ensure that any entity performing bank-like functions is subject to similar oversight and that it protects the deposits on which community banks depend. Innovation is encouraged — but regulatory arbitrage is not.

Kentucky's community banks have supported our state for generations, not because they follow trends, but because they invest in people. They deserve a level playing field.

Congress must close the stablecoin loophole — before real harm impacts the people and places that keep Kentucky strong.

State Rep. Michael Meredith (R-Oakland) serves as chair of the Kentucky House Banking & Insurance Committee - and is a longtime loan officer with a local community bank in South Central Kentucky.

Givens Bill Clears Committee 10-0

MEASURE MODERNIZES KENTUCKY LEGAL NOTICE RULES

BY **SETH DUKES**
GOVERNMENT AFFAIRS

▲ PHOTO | DUSTIN ISAACS
Senate President Pro Tempore David Givens explains Senate Bill 141 to members of the Senate State and Local Government Committee during a Feb. 11 meeting.

FRANKFORT — Legislation aimed at modernizing how legal notices are published in Kentucky is advancing with strong early support after clearing a Senate committee unanimously.

Senate Bill 141 passed 10-0 out of the Senate State and Local Government Committee on Feb. 11 and is expected to continue moving smoothly through the General Assembly. The measure seeks to update and standardize requirements governing how state and local governments publish legal notices, including tax notices and public hearing announcements.

The proposal is the result of collaboration among the Kentucky Press Association, the Kentucky League of Cities and the Kentucky Association of Counties.

Jay Nolan, government affairs co-chair of the press association, told lawmakers the process involved compromise among stakeholders.

"There's nothing in this bill that I love 100%, and I don't think that's true for any of us," Nolan said. "But all of us feel like it modernizes the Kentucky public notice infrastructure."

Jeff Jobe, the behind-the-scenes co-chair of the press association, said the agreement reflects roughly a year of work and began with conversations at the local level.

"This is an agreement that has been an entire year of working toward," Jobe said. "We began by listening to the county judge-executives and mayors in the region our newspapers serve. I made notes of their needs, and we then met with their organizations' leadership, JD Chaney and Jim Henderson. The press association knew we were going to have to evolve if we were going to keep Kentucky legal notices in our weekly newspapers."

Jobe said the negotiations addressed concerns raised throughout the process.

"As Nolan said in the Feb. 11 meeting,

RULES | CONTINUED ON PAGE SEVEN

Property Transfers

The following deeds were filed in the Metcalfe County Clerk's office between February 4 - 11, 2026.

Douglas A Smith-member, Smith Realty LLC, Christi L. Wilson, and Gregory L. Wilson to Elton D. Caffee and Leslie E. Caffee, .32 Acre.

Edmonton Veterinary Clinic Inc. to Smith Realty LLC, 2.43 Acres.

Pomona LLC to Smith Realty LLC, 2.43.

Kelly Thompson and Timothy Thompson to Paul David Pruitt and Kaylin Shea Pruitt, .323 Acre.

Country Land Buyers LLC and Harris Land and Timber Company LLC, to Ross Neu, 14.18 Acres.

Chad Michael Graves and Terisa Graves to Shannon Russell Jones and Carol Ann Jones, 25.063 Acres and Mobile Home.

Jackie Lee Rich and Sherry Denise Rich to Joseph Dennis Sweeney, 2 Tracts and Mobile Home.

Rad It LLC to Hennessey Properties LLC, .16 Acre.

Jadie Allen Parson to Rex A. Parsons and Julie G. Parsons, 2 Tracts.

Nova Lynn London to Malcom Zane Greer-Trustee, Karen London Greer-Trustee, and Greer Family Trust.

Mark Anthony Caffee, Sally Jean Garmon Caffee, Stephen Edward Caffee, Anthony Elvin Copas, and Sharon Anita Caffee Copas to Mark Anthony Caffee and Sally Jean Garmon Caffee, 7.70 Acres.

Tammy L. Crowder and Timothy R. Crowder to Patrick Lee, 7.28 Acres.

Kastine M. Tuttle and Wendell R. Tuttle to Coltan L. Geisert and Samantha Geisert, 1.45 Acres.

Mark Anthony Caffee, Sally Jean Garmon Caffee, Stephen Edward Caffee, and Sharon Anita Caffee Copas to Stephen Edward Caffee, 2.98 Acres.

Mark Anthony Caffee, Sally Jean Garmon Caffee, Stephen Edward Caffee, Anthony Elvin Copas, and Sharon Anita Caffee Copas to Sharon Anita Caffee Copas and Anthony Elvin Copas, 1.73 Acres.

Timothy Lane Revocable Trust to Lane Family Trust, .74 Acre.

The Estate of Wesley W. Fisher to David Hoover and Caryn Hoover, Tracts.

Carla Dean Bragg and Dalton Wallace Bragg to Donald Gene Straight and Deborah Dee Straight, 9.11 Acres.

Emily McClay Wisdom and Riley Lewis Wisdom to Matthew Tyler Blythe, 25.66 Acres.

Derrick Funk and Ricarda Mortens-En-Funk to James Ray Perkins, and April Lynn Brown POA, 31.457 Acres.

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