Main Street Capital Access Act: Empowering Community Banks to Drive Economic Growth
Testimony of Jon Jason (Jason) Hawkins
Friday, September 18, 2026

Chairman Barr, members of the committee, and distinguished guests:

Thank you for holding this important field hearing and for your leadership on H.R. 6955, the Main Street Capital Access Act. My name is Jason Hawkins, and I serve as President and CEO of First United Bank and Trust Company, Madisonville, KY. I'm also honored to serve as Vice-Chairman of the Kentucky Bankers Association, which gives me a front-row seat to the challenges facing community banks across our Commonwealth and the nation.

First United Bank and Trust Company was founded as a de novo bank in 1996—nearly 30 years ago—during an era when starting a new community bank was still possible. We are living proof that de novo banks can succeed, grow responsibly, and serve their communities for decades when given the opportunity.

Today, we've grown to $600 million in total assets as of year-end 2025. We're not a Wall Street bank—we're a Main Street bank. We employ 107 full-time employees who serve families, small businesses, and farmers in our local communities.

Over the past decade alone, we've grown from $275 million in assets to $600 million—more than doubling our size—because we stayed focused on what community banks do best: relationship banking, local decision-making, and putting capital to work where it's needed most.

But here's the sobering reality, Chairman Barr: if we tried to start First United today as a de novo bank, it would be much more difficult than it was in 1996. The regulatory barriers to entry, the capital requirements, and the compliance infrastructure needed just to open the doors would be insurmountable for most entrepreneurial bankers. That's not just bad for banking—it's bad for competition, innovation, and communities that desperately need local financial institutions.

Our $405 million loan portfolio tells the story of community banking at its finest. Nearly 80% of our loans—that's $315 million—are real estate loans supporting homeownership, small businesses, and commercial development in our communities. We make 1-4 family residential loans that help families buy homes. We finance local commercial real estate projects that create jobs. We support farmers with agricultural loans.

We're also a critical source of C&I lending—commercial and industrial loans—which now represent $68 million, or 17% of our portfolio. These are the loans that help Main Street businesses expand, buy equipment, and meet payroll during challenging times. In addition, in just 2025 alone, we generated over $238 million in new and renewed loans, with almost $140 million of that in brand new loans.

Chairman Barr, let me be direct: one-size-fits-all regulation simply does not work for community banks like mine. We face the same regulatory framework as trillion-dollar banks—banks that are literally over 1,000 times our size and operate internationally. We don't engage in derivatives trading. We don't have proprietary trading desks. We don't pose systemic risk to the global financial system. Yet we're subject to many of the same rules, examinations, and compliance expectations.

The Dodd-Frank Act subjected community banks to the same rules designed for the largest, most systemically important institutions. This has stifled local lending, constrained economic growth, accelerated industry consolidation, and pushed lending activity outside the regulated banking sector—exactly the opposite of what we need.

The result? Our noninterest expense—which includes the people and systems needed for compliance—now runs 2.75% of average assets. That translates to over $16 million annually in operating expenses, and a substantial portion of that is compliance-related. For every compliance officer we hire to navigate Basel III capital rules or meet reporting requirements designed for money-center banks, that's one less lender we can put in the field serving customers.

Our efficiency ratio has climbed from 65% in 2020 to nearly 70% in recent years. We're spending more to generate less, not because we're inefficient operators, but because regulatory compliance costs are consuming resources that should be deployed to serve our communities.

The Main Street Capital Access Act addresses this through common-sense regulatory tailoring. Prudential regulation and supervision should be tailored based on our capital structure, risk profile, complexity, activities, business model, and size.

Equally important, the bill indexes key asset thresholds to economic growth and inflation. This is a low-cost, high-impact, durable reform. Without indexing, thresholds become arbitrary over time as inflation erodes their real value. What made sense in 2010 doesn't reflect economic reality in 2026. Indexing improves transparency, reduces arbitrary regulatory burdens, and allows regulators to focus on actual risk rather than outdated dollar thresholds.

Let me be clear about capital. We maintain strong capital ratios—our Tier 1 risk-based capital ratio is 13.23%, and our leverage ratio is 9.00%. These ratios are well above the "well-capitalized" thresholds. We are a safe, sound, well-managed bank.

But complex risk-based capital calculations consume enormous resources. We don't have teams of Ph.D.s running Basel III models. We have relationship bankers who understand credit risk through decades of experience in our local markets.

The Community Bank Leverage Ratio framework that your bill would strengthen is transformational. It would allow us to maintain a simple, transparent 9% leverage ratio and opt out of the Byzantine risk-weighting calculations that add virtually no value but consume significant time and cost. This isn't about lowering standards—it's about right-sizing them.

The interest rate environment of recent years has exposed a critical vulnerability: access to reliable liquidity.

Our net interest margin fell from 4.18% in 2020 to just 2.90% in 2023 as deposit costs exploded. We saw our cost of interest-bearing deposits surge from 0.66% in 2020 to 2.58% in 2023. That's a nearly 300-basis-point swing—the kind of compression that can cripple profitability and constrain lending capacity.

During that period, we needed reliable backup liquidity, but the Federal Reserve's discount window remained stigmatized and operationally cumbersome. Your bill's provision to modernize the discount window is exactly what community banks need—a reliable, destigmatized backstop that we can access without concern that regulators or markets will view us as troubled.

The Main Street Act also promotes fair and transparent bank supervision. The CAMELS rating system needs clear, articulable, and reviewable criteria. The appeals process for supervisory determinations needs strengthening. And we must eliminate the use of "reputational risk" as a supervisory tool.

Bank regulation and supervision were weaponized in recent years, leading to the debanking of law-abiding businesses and individuals based on political views rather than actual credit risk. This is fundamentally wrong. Community banks pride ourselves on serving everyone in our community based on creditworthiness, not ideology. The anti-debanking provisions in your bill protect both banks and customers by focusing supervision on material risks related to safety and soundness—not politics.

Chairman Barr, I also want to commend you and this committee for your leadership on the 21st Century ROAD to Housing Act, which was enacted in July. The housing crisis is real—

America is short by as many as 5.5 million housing units, and as Tim Schenk noted in his testimony, Kentucky alone faces an estimated 250,000 housing unit shortage.

Community banks like First United are on the front lines of housing finance. We make the 1-4 family residential loans that help working families achieve the American Dream. We finance affordable housing construction. We understand the local markets and can underwrite loans that might not fit a national bank's automated underwriting model but are sound credits in our community.

The 21st Century ROAD to Housing Act removed unnecessary regulatory barriers and modernized HUD programs. The Main Street Capital Access Act complements that housing legislation perfectly by ensuring community banks have the regulatory flexibility and capital capacity to continue serving as the primary source of mortgage credit and construction lending in rural and underserved markets.

Specifically, the Main Street Act's increase in the Public Welfare Investment cap from 15% to 20% will enhance our capacity to make private investments in affordable housing. When community banks are constrained by disproportionate regulation, housing finance suffers—especially for borrowers and communities that don't fit the cookie-cutter model of larger lenders. We also face constraints on reciprocal deposits. These are stable, relationship-based deposits from local customers—municipalities, businesses, schools, and nonprofits—that need more than $250,000 in FDIC coverage. Reciprocal deposit networks allow us to provide that coverage while keeping the customer relationship local.

But current regulations treat these as "brokered deposits" under certain conditions, which limits our flexibility and forces us to turn away good customers. At year-end 2025, only 1.52% of our deposits were brokered—we rely overwhelmingly on core, relationship-based deposits.

The Main Street Capital Access Act's reciprocal deposit relief would allow us to serve larger local customers without triggering punitive brokered deposit treatment.

So what would the Main Street Capital Access Act mean for First United Bank and Trust Company?

First: Reduced regulatory burden would allow us to redirect compliance costs toward lending. If we could reclaim even 10% of our noninterest expense through streamlined regulations, that's $1.6 million annually we could deploy to support an additional $16 million in lending capacity.

Second: A strengthened Community Bank Leverage Ratio framework would free our team from complex calculations and allow us to focus on credit decisions. We'd maintain the same strong 9% capital level—but without the compliance overhead.

Third: A modernized discount window would give us confidence to lend through economic cycles, knowing we have reliable backup liquidity without stigma.

Fourth: Reciprocal deposit relief would allow us to serve larger local customers without regulatory penalty, strengthening our deposit base and lending capacity.

Fifth: Support for de novo bank formation—making the two-year pilot program for capital phase-in permanent—would signal that America is once again open for community banking. This would encourage the next generation of bankers to start institutions that will serve their communities for decades, just as First United has done since 1996.

Sixth: The increased Public Welfare Investment cap will enable us to expand affordable housing financing and community development lending in Kentucky's underserved markets.

The bottom line: this legislation would enable First United Bank and Trust Company to safely increase our lending by 10-15% over the next three years. That's $40 to $60 million in additional loans to families, small businesses, farmers, and housing developers in our communities. That translates directly into more homeownership, more jobs, and more economic opportunity on Main Street.

And Chairman Barr, we're not alone. As my colleague Tim Schenk noted in his testimony, there are 4,555 fewer banks in the U.S. now than in 2005. That's over 40% of our community banks gone in two decades.

Since 2008, we've seen very little new bank formation. The pipeline of new community banks has been shut off, not because there's no need for local banks, but because the regulatory burden makes it economically unfeasible to start one. This lack of de novo activity, coupled with "banking deserts" common in rural areas, has led to higher costs for households and less access to capital for small businesses.

Every time a community bank disappears through consolidation, so does local lending, relationship banking, and the capital allocation that understands and serves Main Street. Decision-making moves to distant headquarters. Loan officers who knew local farmers and business owners for decades are replaced by algorithms that can't account for character, local knowledge, and community commitment.

The Main Street Capital Access Act would reverse this trend by making community banking viable again—both for existing institutions like First United and for the de novo banks that our communities desperately need.

Chairman Barr, the Main Street Capital Access Act is the most comprehensive banking bill we have seen in well over a decade that would ensure communities in our Commonwealth and our country can continue to thrive.

As Vice-Chairman of the Kentucky Bankers Association representing 151 member banks across Kentucky, I can tell you that this bill has the overwhelming support of community bankers across our state and the nation.

You understand that community banks aren't the problem—we're the solution. We don't need a handout—we need a level playing field and regulations that are proportionate to our risk profile and business model.

This legislation brings common-sense tailoring back to bank regulation. It stops debanking once and for all. It restores fairness and transparency to supervision. It promotes new bank formation. And it works hand-in-glove with the housing legislation you championed to address America's housing crisis.

The Main Street Capital Access Act is good policy. It's pro-growth. It's pro-Main Street. It's pro-homeownership. And it will help First United Bank and Trust Company—and thousands of community banks like us—do what we do best: serve our customers, support our communities, and power the American economy from the ground up.

We're the bank that could be founded in 1996 but couldn't be founded today. Let's change that. Let's make America open for community banking again.

I look forward to your questions and to working with you to get this bill across the finish line.

Thank you.