



January 7, 2026

The Honorable Tim Scott, Chairman
Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Elizabeth Warren, Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs

The Honorable John Boozman, Chairman
Senate Committee on Agriculture, Nutrition, and Forestry

The Honorable Amy Klobuchar, Ranking Member
Senate Committee on Agriculture, Nutrition, and Forestry

United States Senate
Washington, D.C. 20510

As free-market, taxpayer-rights organizations, we have long opposed efforts—whether through the tax code or through regulation—to reduce Americans’ take-home income without transparency or accountability. We are concerned that certain proposals under consideration in market structure legislation would do exactly that by restricting or eliminating stablecoin rewards, including rewards and incentives offered by third parties.

While such restrictions would not appear on a tax schedule, their effect would be unmistakable: reducing consumer purchasing power and taking money out of Americans’ pockets. Though not a formal tax, this would operate as **a tax increase by another name**—imposed through financial regulation rather than the tax code. Policies that diminish after-tax income through indirect regulatory means raise the same concerns as explicit tax increases, while avoiding the debate, scoring, and voter accountability that tax policy requires.

Stablecoin rewards are lawful, taxable forms of consumer compensation—such as rebates, discounts, or incentives—that reduce transaction costs and help households manage everyday expenses. Eliminating these rewards would strip consumers of income they currently earn and pay taxes on, without any corresponding tax relief or legislative scrutiny. Congress has already settled this in the GENIUS Act, which became federal law last year.

Congress has long recognized that consumer-facing incentives promote competition, efficiency, and lower prices. Credit card rewards, airline miles, and bank account

incentives are permitted because they benefit consumers and encourage innovation across the financial system. That same principle should apply to emerging payment technologies. Singling out digital asset networks for restrictive treatment would suppress lawful market activity and limit consumer choice without a clear taxpayer justification. This is the government picking winners and losers in the marketplace and a crony approach to financial services.

History shows that policies advanced as “consumer protection” can instead raise costs, reduce competition, and entrench existing market structures. Restricting stablecoin rewards would directly undermine the stated objectives of market structure legislation by:

- **Reducing adoption** of lower-cost, more efficient payment technologies;
- **Blocking competition**, particularly from startups and new market entrants; and
- **Driving innovation offshore** to jurisdictions that respect private contracts and market incentives.

As the Committees move toward mark-up, we urge lawmakers to adopt a framework that preserves lawful rewards and incentives, promotes technological neutrality, avoids regulatory favoritism, and protects taxpayers from hidden, off-budget reductions in income.

Congress has a narrow but critical window to deliver regulatory clarity that strengthens U.S. competitiveness. Limiting rewards would move the country in the opposite direction—raising costs for consumers and small businesses while undermining confidence in the legislative process.

We respectfully urge the Committees to reject any language that limits or prohibits stablecoin rewards and to proceed toward final passage of a balanced, pro-growth market structure bill.

Sincerely,



David McIntosh
President
Club for Growth