



October 15, 2025

The Honorable Tim Scott
Chairman, Senate Banking, Housing, and Urban
Affairs Committee
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member, Senate Banking, Housing, and
Urban Affairs Committee
Washington, D.C. 20510

Dear Chairman Scott, Ranking Member Warren, and Members of the Committee:

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express our serious concerns regarding S. 2999, the Main Street Depositor Protection Act. This newly introduced legislation would ultimately increase moral hazard, raise costs for consumers and taxpayers, and increase government involvement in the financial system. As you contemplate a markup schedule into 2026, we strongly urge you to avoid bringing this legislation forward absent significant changes.

As you know, deposit insurance is fully funded by banks to protect consumer deposits up to \$250,000 and help stem contagion should there be a sudden drop in confidence in a single institution or the system more broadly. This was the case during the brief banking crisis in 2023 when three major regional banks collapsed, which accounted for three of the top four largest bank failures in American history. Yet, in an unprecedented move, the Biden Administration allowed for every deposit account—regardless of amount—of the failed banks to be guaranteed. It was a decision widely criticized by experts and economists across the political spectrum as signaling that the government would come to the rescue in future crises.

Unfortunately, S.2999 follows that same Biden-era playbook by increasing the deposit limit of up to \$10 million per depositor—40 times higher than the current limit. More concerning, eligibility for this generous insurance increase is only for commercial banks below \$10 billion in assets, which is effectively picking winners and losers in the banking sector. It would be inequitable to leave the [top 130 banks](#) out of this benefit while requiring these institutions to subsidize the system. To a lesser extent, this is [already the case](#) due to the manner in which premiums are structured. With bigger banks and their customers already bearing disproportionate costs, further changes would impact competition and reward smaller sized banks to the detriment of prudent risk management.

The necessity to expand deposit insurance above the existing cap at this present moment is questionable. Congress created deposit insurance to protect small depositors from losses due to bank failures, and the system has worked as intended. In fact, data compiled by the [Cato Institute](#) show more than 99% of accounts are already insured under the current \$250,000 limit, meaning an increase to \$10 million would only help the wealthiest depositors at the expense of everyone else.

In addition to being a poorly crafted policy, raising the limit to \$10 million would invite substantial costs on larger-sized commercial banks. An estimate from the Taxpayers Protection Alliance indicates these costs could top [\\$30 billion](#) in higher premiums over a ten-year period, or roughly \$3 billion per year. As is typically the case with taxes, fees, and regulatory burdens, banks would ultimately pass along these costs onto consumers or shareholders. This could mean higher fees, a reduction in lending, or a hit to the bottom line should a bank decide to “eat” the cost.

Conservatives and free market advocates, including NTU, have stated that, if there are to be reforms to deposit insurance, they should be done carefully and fairly. Most recently, we joined more than a dozen organizations opposing many of the provisions included in the Main Street Depositor Protection Act. From our May letter, we write “ultimately, we believe expanding the federal government’s role in deposit insurance is unnecessary and costly to taxpayers. Raising the deposit insurance limit, including for business payment accounts, would directly contradict laudable attempts to deregulate the financial sector and protect taxpayers.”

To be clear, NTU understands how important community banks and regional banks are to local economies and why sound policies are in place to help them achieve their missions of serving their customers. However, added costs on banks over an arbitrary asset size isn’t a reasonable way to level the playing field. Instead of the Main Street Depositor Protection Act, Congress should look at alternatives to the existing deposit insurance framework, regulatory reforms that lower compliance costs across the board, and policies that expand access to capital.

Free markets work efficiently when the government gets out of the way. We encourage you to reject this misguided legislation that serves a small slice of the population while increasing moral hazard, consumer costs, and government involvement.

Sincerely,

Thomas Aiello
Senior Director of Government Affairs