



November 17, 2025

The Honorable French Hill
Chairman, House Financial Services Committee
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member, House Financial Services Committee
Washington, DC 20515

Dear Chairman Hill, Ranking Member Waters, and Members of the Committee:

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express our views in advance of tomorrow's hearing on federal deposit insurance.

As you may know, there are efforts to raise the existing federal deposit insurance limit from \$250,000 to \$10 million, including as standalone legislation or possibly added to the annual defense department funding bill. No justification or detail has been provided to show why an increase of 4,000% is needed at this moment.

In fact, [99% of all accounts](#) already fall below the existing cap, so only a very narrow slice of deposits stand to benefit. The typical American has \$8,000 in transaction accounts (savings, checking, and money market), according to [2022 Federal Reserve data](#)—nowhere in the neighborhood of the existing limit. At a time when affordability for working class Americans is a top-of-mind issue, it would send the wrong message that this is what a united Republican government is focused on.

Aside from the fact that raising the insurance limit isn't immediately needed, it would not apply evenly across the financial system. The Main Street Depositor Protection Act, for example, requires banks over a certain asset size to pay a larger amount into the insurance fund to cover the cost of expanded insurance, while ones below it get a free pass into the fund. This would increase the fees paid by the top 130 banks from this expanded coverage while still expecting them to help fund the deposit insurance system. It amounts to one group getting a government-backed guarantee, while others are left with the burden.

Then there is the question of cost. Over a ten-year period, higher premiums and other costs placed on a handful of banks could exceed \$30 billion, according to an [estimate](#) from the Taxpayers Protection Alliance. As is the case with most taxes and fees, financial institutions will not eat all the added costs; instead they will pass them on to customers through higher fees, reduced services, or tightened lending.

If Congress were to decide increasing deposit insurance levels is warranted, it should apply uniformly, not selectively. A modest, fact-based rise in the cap for all institutions, or perhaps indexed for inflation, would make far more sense than a massive boost for a narrow subset of institutions that would pay the cost for the entire sector. That kind of approach preserves fairness and avoids tilting the playing field.

We recognize that community banks are often the lifeblood of communities. Thankfully, Congress has taken action in recent years to their benefit. Just recently, congressional Republicans passed the One Big Beautiful Bill Act, which includes numerous provisions that will be a boon for smaller banks, such as a permanent 199A deduction, permanent lower tax rates, and a higher estate tax exemption, among many other provisions. To this end, the Treasury has yet to fully implement tax policies from the One Big

Beautiful Bill Act that would directly benefit community banks, such as the Access to Credit for our Rural Economy Act.

Further, as NTU has [written previously](#) on this issue, there are ways Congress can strengthen America's community banks in the short-term while bringing fairness to the system. They include maintaining proper oversight of all financial institutions, addressing the unfair advantage tax-exempt credit unions receive while directly competing against community banks, and tailoring regulatory burdens to reflect size and risk.

A number of the discussion draft bills tied to this markup take a more thoughtful approach to identifying areas that could use reform. From NTU's perspective, it is better to fully study this issue before taking action that may significantly impact America's complex banking system.

In summary, raising the cap to \$10 million while forcing only certain entities to pay the cost threatens to erode market discipline, increase moral hazard, burden taxpayers, and undermine free-market principles. A more prudent path forward is reform that strengthens oversight, equalizes the competitive landscape, reduces unnecessary regulation, and protects small businesses in a targeted, sustainable way.

Thank you for your consideration. As you plot a path forward we hope you take our views into account and oppose the Main Street Depositor Protection Act as written, and instead pursue reforms that support financial stability and fairness without setting dangerous precedents for taxpayer-backed guarantees.

Sincerely,

Thomas Aiello

Senior Director of Government Affairs
National Taxpayers Union