

May 18, 2026

Dear Members of Congress,

The undersigned organizations write to express opposition to S.4198/H.R. 8087, the latest version of the *Main Street Depositor Protection Act*. The bill would authorize a dramatic expansion of the federal safety net by giving the FDIC the authority to permanently increase federal deposit insurance coverage for certain noninterest-bearing transaction accounts up to \$5 million—a 2,000% increase.

Facing pushback from conservatives, financial institutions, and other stakeholders, the bill's proponents have steadily lowered the proposed cap—from \$10 million to up to \$5 million—without offering evidence that any such increase is necessary or justified. At any amount, an increase of deposit insurance above the current FDIC limit of \$250,000 would encourage excessive risk-taking by weak or failing institutions, increase the likelihood of bank failures, and expose taxpayers to greater risk. It would also weaken market discipline by reducing incentives for large depositors to monitor bank risk and for banks to manage that risk prudently.

We are particularly concerned that the newest version of the bill delegates authority to the FDIC to set the coverage limit. For nearly a century, Congress has determined deposit insurance levels. Ceding that authority to the FDIC would substantially reduce congressional oversight and create strong incentives to raise limits further in response to political pressure from a narrow set of interested institutions that would benefit from higher limits backed by taxpayers.

The bill also raises significant implementation concerns. It would require new reporting obligations across the banking system and compel the FDIC to establish mechanisms to monitor compliance with account eligibility requirements. These measures would impose additional regulatory burdens on financial institutions to support an unnecessary expansion of deposit insurance.

Equally important, the bill fails to adequately address cost. Expanding the federal guarantee would materially affect the Deposit Insurance Fund, regardless of attempts to phase in coverage or shift costs to subsets of institutions. According to an estimate prepared by the Taxpayers Protection Alliance for the last version of this bill, raising the deposit insurance to \$10 million would cost up to \$42 billion in the form of special assessments on banks and higher premiums on customers.

If policymakers believe targeted action is needed to address deposit flight during periods of acute financial stress, more limited and temporary solutions should be considered separately. That question is distinct from establishing a permanent expansion of deposit insurance for higher-balance accounts in normal market conditions.

For these reasons, we oppose S.4198/H.R. 8087, the *Main Street Depositor Protection Act*, and thank you for considering our views.

Sincerely,



Taxpayers Protection  
Alliance



National Taxpayers  
Union

AMERICAN COMMITMENT

American Commitment



American Consumer  
Institute

AMERICANS  
for  
TAX REFORM

Americans for Tax  
Reform



American Energy Alliance



Center for Individual Freedom



Christian Employers Alliance



Citizens Against Government Waste



Competitive Enterprise Institute



Consumer Action for a Strong Economy



Consumer Choice Center



Independent Women's Voice



Moms for America Action



Pelican Institute for Public Policy



Pinpoint Policy Institute