

HR 1068 IH

111th CONGRESS
1st Session
H. R. 1068

To amend the Internal Revenue Code of 1986 to impose a tax on certain securities transactions to the extent required to recoup the net cost of the Troubled Asset Relief Program.

IN THE HOUSE OF REPRESENTATIVES

February 13, 2009

Mr. DEFAZIO (for himself, Mr. WELCH, Ms. SUTTON, Mr. CAPUANO, Mr. WU, Mr. STARK, Ms. DELAURO, and Ms. EDWARDS of Maryland) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on certain securities transactions to the extent required to recoup the net cost of the Troubled Asset Relief Program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Let Wall Street Pay for Wall Street's Bailout Act of 2009'.

SEC. 2. FINDINGS.

Congress finds the following:

- (1) The Bush Administration allocated the first \$350 billion of TARP funds in a manner that has outraged the Nation by failing to provide the most basic oversight of the funds.
- (2) Congress has declined to block the remaining \$350 billion of TARP funds despite the lack of oversight and the record fiscal year 2009 budget deficit estimated at \$1.2 trillion.
- (3) The Board of Governors of the Federal Reserve System has committed more than a trillion dollars to stabilize the economy by bailing out various banks deemed 'too big to fail'.
- (4) The \$700 billion TARP fund and the new Federal Reserve lending facilities were created to protect Wall Street investors; therefore, the same Wall Street investors should pay for this infusion of taxpayer money.

(5) The easiest method to raise the money from Wall Street is a securities transfer tax, a tax that has a negligible impact on the average investor.

(6) This transfer tax would be on the sale and purchase of financial instruments such as stock, options, and futures. A quarter percent (0.25 percent) tax on financial transactions could raise approximately \$150 billion a year.

(7) The United States had a transfer tax from 1914 to 1966. The Revenue Act of 1914 (Act of Oct. 22, 1914 (ch. 331, 38 Stat. 745)) levied a 0.2 percent tax on all sales or transfers of stock. In 1932, Congress more than doubled the tax to help overcome the budgetary challenges during the Great Depression.

(8) All revenue generated by this transfer tax should be deposited in the general fund of the Treasury of the United States, scaled to meet the net cost of these bailouts, and phase out when the cost of the bailouts are repaid.

SEC. 3. RECOUPMENT OF DEFICIT ARISING FROM FEDERAL BAILOUT.

(a) In General- Chapter 36 of the Internal Revenue Code of 1986 is amended by inserting after subchapter B the following new subchapter:

`Subchapter C--Tax on Securities Transactions

`Sec. 4475. Tax on securities transactions.

`SEC. 4475. TAX ON SECURITIES TRANSACTIONS.

`(a) Imposition of Tax- There is hereby imposed a tax on each covered securities transaction an amount equal to the applicable percentage of the value of the security involved in such transaction.

`(b) By Whom Paid- The tax imposed by this section shall be paid by the trading facility on which the transaction occurs.

`(c) Applicable Percentage- For purposes of this section--

`(1) IN GENERAL- The term `applicable percentage' means the lesser of--

`(A) the specified percentage, or

`(B) 0.25 percent.

`(2) SPECIFIED PERCENTAGE-

`(A) IN GENERAL- The term `specified percentage' means, with respect to any taxable year beginning in a calendar year, the percentage that the Secretary estimates would result in the aggregate revenue to the Treasury under this section for such taxable year and all prior taxable years to equal the Secretary's estimate of the net cost (if any) to the Federal Government of--

`(i) carrying out the Troubled Asset Relief Program established under title 1 of the Emergency Economic Stabilization Act of 2008, and

(ii) the exercise of authority by the Board of Governors of the Federal Reserve System under the third undesignated paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 343).

(B) DETERMINATION OF PERCENTAGE- Such percentage shall be determined by the Secretary not later than 30 days after the date of the enactment of this section, and redetermined for taxable years beginning in each calendar year thereafter. Such percentage shall take into account the Secretary's most recent estimation of such net cost. Any specified percentage determined under this paragraph which is not a multiple of 1/100th of a percentage point shall be rounded to the nearest 1/100th of a percentage point.

(d) Covered Securities Transaction- The term 'covered securities transaction' means--

(1) any transaction to which subsection (b), (c), or (d) of section 31 of the Securities Exchange Act of 1934 applies, and

(2) any transaction subject to the exclusive jurisdiction of the Commodity Futures Trading Commission.

(e) Administration- The Secretary shall carry out this section in consultation with the Securities and Exchange Commission and the Commodity Futures Trading Commission.'

(b) Clerical Amendment- The table of subchapters for chapter 36 of such Code is amended by inserting after the item relating to subchapter B the following new item:

'subchapter c. tax on securities transactions'.

(c) Effective Date- The amendments made by this section shall apply to sales occurring more than 30 days after the date of the enactment of this Act.

END