

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Let Wall Street Pay
5 for Wall Street’s Bailout Act of 2009”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) The Bush Administration allocated the first
2 \$350 billion of TARP funds in a manner that has
3 outraged the Nation by failing to provide the most
4 basic oversight of the funds.

5 (2) Congress has declined to block the remain-
6 ing \$350 billion of TARP funds despite the lack of
7 oversight and the record fiscal year 2009 budget
8 deficit estimated at \$1.2 trillion.

9 (3) The Board of Governors of the Federal Re-
10 serve System has committed more than a trillion
11 dollars to stabilize the economy by bailing out var-
12 ious banks deemed “too big to fail”.

13 (4) The \$700 billion TARP fund and the new
14 Federal Reserve lending facilities were created to
15 protect Wall Street investors; therefore, the same
16 Wall Street investors should pay for this infusion of
17 taxpayer money.

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

21 (6) This transfer tax would be on the sale and
22 purchase of financial instruments such as stock, op-
23 tions, and futures. A quarter percent (0.25 percent)
24 tax on financial transactions could raise approxi-
25 mately \$150 billion a year.

1 (7) The United States had a transfer tax from
2 1914 to 1966. The Revenue Act of 1914 (Act of
3 Oct. 22, 1914 (ch. 331, 38 Stat. 745)) levied a 0.2
4 percent tax on all sales or transfers of stock. In
5 1932, Congress more than doubled the tax to help
6 overcome the budgetary challenges during the Great
7 Depression.

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

13 **SEC. 3. RECOUPMENT OF DEFICIT ARISING FROM FEDERAL**
14 **BAILOUT.**

15 (a) IN GENERAL.—Chapter 36 of the Internal Rev-
16 enue Code of 1986 is amended by inserting after sub-
17 chapter B the following new subchapter:

18 **“Subchapter C—Tax on Securities**
19 **Transactions**

“Sec. 4475. Tax on securities transactions.

20 **“SEC. 4475. TAX ON SECURITIES TRANSACTIONS.**

21 “(a) IMPOSITION OF TAX.—There is hereby imposed
22 a tax on each covered securities transaction an amount
23 equal to the applicable percentage of the value of the secu-
24 rity involved in such transaction.

1 “(b) BY WHOM PAID.—The tax imposed by this sec-
2 tion shall be paid by the trading facility on which the
3 transaction occurs.

4 “(c) APPLICABLE PERCENTAGE.—For purposes of
5 this section—

6 “(1) IN GENERAL.—The term ‘applicable per-
7 centage’ means the lesser of—

8 “(A) the specified percentage, or

9 “(B) 0.25 percent.

10 “(2) SPECIFIED PERCENTAGE.—

11 “(A) IN GENERAL.—The term ‘specified
12 percentage’ means, with respect to any taxable
13 year beginning in a calendar year, the percent-
14 age that the Secretary estimates would result in
15 the aggregate revenue to the Treasury under
16 this section for such taxable year and all prior
17 taxable years to equal the Secretary’s estimate
18 of the net cost (if any) to the Federal Govern-
19 ment of—

20 “(i) carrying out the Troubled Asset
21 Relief Program established under title 1 of
22 the Emergency Economic Stabilization Act
23 of 2008, and

24 “(ii) the exercise of authority by the
25 Board of Governors of the Federal Reserve

1 System under the third undesignated para-
2 graph of section 13 of the Federal Reserve
3 Act (12 U.S.C. 343).

4 “(B) DETERMINATION OF PERCENTAGE.—

5 Such percentage shall be determined by the
6 Secretary not later than 30 days after the date
7 of the enactment of this section, and redeter-
8 mined for taxable years beginning in each cal-
9 endar year thereafter. Such percentage shall
10 take into account the Secretary’s most recent
11 estimation of such net cost. Any specified per-
12 centage determined under this paragraph which
13 is not a multiple of 1/100th of a percentage
14 point shall be rounded to the nearest 1/100th of
15 a percentage point.

16 “(d) COVERED SECURITIES TRANSACTION.—The
17 term ‘covered securities transaction’ means—

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

21 “(2) any transaction subject to the exclusive ju-
22 risdiction of the Commodity Futures Trading Com-
23 mission.

24 “(e) ADMINISTRATION.—The Secretary shall carry
25 out this section in consultation with the Securities and Ex-

1 change Commission and the Commodity Futures Trading
2 Commission.”.

3 (b) CLERICAL AMENDMENT.—The table of sub-
4 chapters for chapter 36 of such Code is amended by in-
5 serting after the item relating to subchapter B the fol-
6 lowing new item:

“SUBCHAPTER C. TAX ON SECURITIES TRANSACTIONS”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to sales occurring more than 30
9 days after the date of the enactment of this Act.

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