

111TH CONGRESS  
1ST SESSION

# H. R. 4191

To amend the Internal Revenue Code of 1986 to impose a tax on certain securities transactions to fund job creation and deficit reduction.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 2009

Mr. DEFAZIO (for himself, Mr. ARCURI, Mr. PERLMUTTER, Mr. BRALEY of Iowa, Ms. SUTTON, Mr. FILNER, Mr. PERRIELLO, Mr. WELCH, Mr. HARE, Mr. KAGEN, Mr. RYAN of Ohio, Mr. HASTINGS of Florida, Ms. SCHAKOWSKY, Mr. DAVIS of Tennessee, Ms. HIRONO, Mr. RAHALL, Mr. STARK, Mr. CUMMINGS, Mr. JOHNSON of Georgia, Mr. GRIJALVA, Ms. EDWARDS of Maryland, Ms. SHEA-PORTER, Ms. KAPTUR, Mr. HINCHEY, Ms. SLAUGHTER, and Mr. SARBANES) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Rules and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on certain securities transactions to fund job creation and deficit reduction.

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 the Restoration of Main Street Act of 2009”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) Our Nation continues to be hamstrung by  
4 a recession that led to the current jobless recovery  
5 and record deficits.

6 (2) The unemployment rate is now 10.2 percent  
7 and most economists expect it to climb higher.

8 (3) The Federal deficit has reached  
9 \$1,400,000,000,000 for 2009.

10 (4) The jobless recovery suggests that the Fed-  
11 eral Government must continue to prime the econ-  
12 omy, but the record deficit is a real obstacle.

13 (5) Following their \$700,000,000,000 bailout,  
14 Wall Street is now enjoying a resurgence in profits  
15 and bonuses.

16 (6) A robust economy needs more than Wall  
17 Street profits. Main Street America is strengthened  
18 by good paying jobs for all Americans, not just Wall  
19 Street bankers.

20 (7) To restore Main Street America, a small se-  
21 curities transaction tax on Wall Street should be in-  
22 vested in job creation for Main Street America.

23 (8) A securities transaction tax on Wall Street  
24 has a negligible impact on the average investor and  
25 pension funds.

1           (9) This transfer tax would be assessed on the  
2           sale and purchase of financial instruments such as  
3           stocks, options, and futures. A quarter percent (0.25  
4           percent) tax on financial transactions could raise ap-  
5           proximately \$150,000,000,000 a year.

6           (10) The United States had a transfer tax from  
7           1914 to 1966. The Revenue Act of 1914 (Act of  
8           Oct. 22, 1914 (ch. 331, 38 Stat. 745)) levied a 0.2  
9           percent tax on all sales or transfers of stock. In  
10          1932, Congress more than doubled the tax to help  
11          financial recovery and job creation during the Great  
12          Depression.

13          (11) Half the revenue generated by this trans-  
14          action tax will be used to directly reduce the deficit.

15          (12) Half of the revenue generated by this  
16          transaction tax will deposited in a Job Creation Re-  
17          serve to fund the creation of good paying jobs and  
18          put Americans back to work rebuilding our Nation.

19   **SEC. 3. JOB CREATION RESERVE FOR INVESTMENTS IN**  
20                           **MIDDLE CLASS JOBS.**

21          (a) IN GENERAL.—For budgetary purposes, half the  
22          additional Federal receipts by reason of the enactment of  
23          this Act shall be held in a separate account to be known  
24          as the “Job Creation Reserve”. The Job Creation Reserve  
25          shall be available to offset the additional costs from the

1 Surface Transportation Authorization Act of 2009 and  
2 subsequent legislation to fund job creation in the United  
3 States provided that the subsequent legislation—

4           (1) promotes jobs that pay at least the median  
5 wage of the United States;

6           (2) promotes manufacturing and other jobs we  
7 are losing to unfair overseas competition; and

8           (3) prohibits any recipient of the Troubled  
9 Asset Relief Program from directly benefitting from  
10 any funds in this reserve.

11 (b) PROCEDURE FOR ADJUSTMENTS.—

12           (1) BUDGET COMMITTEE CHAIRMAN.—After the  
13 reporting of a bill or joint resolution, or the offering  
14 of an amendment thereto or the submission of a con-  
15 ference report thereon, providing funding for the  
16 purposes set forth in subsection (a) in excess of the  
17 amounts provided for those purposes for fiscal year  
18 2010, the chairman of the Committee on the Budget  
19 of the applicable House of Congress shall make the  
20 adjustments set forth in paragraph (2) for the  
21 amount of new budget authority and outlays in that  
22 measure and the outlays flowing from that budget  
23 authority.

1           (2) MATTERS TO BE ADJUSTED.—The adjust-  
2           ments referred to in paragraph (1) are to be made  
3           to—

4                   (A) the discretionary spending limits, if  
5                   any, set forth in the appropriate concurrent res-  
6                   olution on the budget;

7                   (B) the allocations made pursuant to the  
8                   appropriate concurrent resolution on the budget  
9                   pursuant to section 302(a) of the Congressional  
10                  Budget Act of 1974; and

11                  (C) the budget aggregates contained in the  
12                  appropriate concurrent resolution on the budget  
13                  as required by section 301(a) of the Congres-  
14                  sional Budget Act of 1974.

15           (3) AMOUNTS OF ADJUSTMENTS.—The adjust-  
16           ments referred to in paragraphs (1) and (2) shall  
17           not exceed half the receipts estimated by the Con-  
18           gressional Budget Office that are attributable to this  
19           Act for the fiscal year in which the adjustments are  
20           made.

21 **SEC. 4. DEFICIT REDUCTION.**

22           It is the Sense of Congress that half the additional  
23           Federal receipts by reason of the enactment of this Act  
24           shall not be expended and therefore reduce the Federal  
25           deficit. The Committee on the Budget shall clearly report

1 this deficit reduction in the committee report for the budg-  
2 et resolution.

3 **SEC. 5. RECOUPMENT OF WALL STREET BAILOUT.**

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

7 **“Subchapter C—Tax on Securities**  
8 **Transactions**

“Sec. 4475. Tax on securities transactions.

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

10 “(a) IMPOSITION OF TAX.—

11 “(1) STOCKS.—There is hereby imposed a tax  
12 on each covered transaction in a stock contract of  
13 0.25 percent of the value of the instruments involved  
14 in such transaction.

15 “(2) FUTURES.—There is hereby imposed a tax  
16 on each covered transaction in a futures contract of  
17 0.02 percent of the value of the instruments involved  
18 in such transaction.

19 “(3) SWAPS.—There is hereby imposed a tax on  
20 each covered transaction in a swaps contract of 0.02  
21 percent of the value of the instruments involved in  
22 such transaction.

23 “(4) CREDIT DEFAULT SWAPS.—There is here-  
24 by imposed a tax on each covered transaction in a

1 credit default swaps contract of 0.02 percent of the  
2 value of the instruments involved in such trans-  
3 action.

4 “(5) OPTIONS.—There is hereby imposed a tax  
5 on each covered transaction in an options contract  
6 with respect to a transaction described in paragraph  
7 (1), (2), (3), or (4) of—

8 “(A) the rate imposed with respect to such  
9 underlying transaction under paragraph (1),  
10 (2), (3), or (4) (as the case may be), multiplied  
11 by

12 “(B) the premium paid on such option.

13 “(b) EXCEPTION FOR RETIREMENT ACCOUNTS,  
14 ETC.—No tax shall be imposed under subsection (a) with  
15 respect to any stock contract, futures contract, swaps con-  
16 tract, credit default swap, or options contract which is  
17 held in any plan, account, or arrangement described in  
18 section 220, 223, 401(a), 403(a), 403(b), 408, 408A, 529,  
19 or 530.

20 “(c) EXCEPTION FOR INTERESTS IN MUTUAL  
21 FUNDS.—No tax shall be imposed under subsection (a)  
22 with respect to the purchase or sale of any interest in a  
23 regulated investment company (as defined in section 851)  
24 or of any derivative of such an interest.

25 “(d) BY WHOM PAID.—

1           “(1) IN GENERAL.—The tax imposed by this  
2 section shall be paid by—

3           “(A) in the case of a transaction which oc-  
4 curs on a trading facility located in the United  
5 States, such trading facility, or

6           “(B) in any other case, the purchaser with  
7 respect to the transaction.

8           “(2) WITHHOLDING IF BUYER IS NOT A  
9 UNITED STATES PERSON.—See section 1447 for  
10 withholding by seller if buyer is a foreign person.

11          “(e) COVERED TRANSACTION.—The term ‘covered  
12 transaction’ means any purchase or sale if—

13           “(1) such purchase or sale occurs on a trading  
14 facility located in the United States, or

15           “(2) the purchaser or seller is a United States  
16 person.

17          “(f) ADMINISTRATION.—The Secretary shall carry  
18 out this section in consultation with the Securities and Ex-  
19 change Commission and the Commodity Futures Trading  
20 Commission.”.

21          (b) CREDIT FOR FIRST \$100,000 OF STOCK TRANS-  
22 ACTIONS PER YEAR.—Subpart C of part IV of subchapter  
23 A of chapter 1 of such Code is amended by inserting after  
24 section 36A the following new section:



1 **“SEC. 36B. CREDIT FOR SECURITIES TRANSACTION TAXES.**

2 “(a) ALLOWANCE OF CREDIT.—In the case of any  
3 purchaser with respect to a covered transaction, there  
4 shall be allowed as a credit against the tax imposed by  
5 this subtitle for the taxable year an amount equal to the  
6 lesser of—

7 “(1) the aggregate amount of tax imposed  
8 under section 4475 on covered transactions during  
9 the taxable year with respect to which the taxpayer  
10 is the purchaser, or

11 “(2) \$250 (\$500 in the case of a joint return).

12 “(b) AGGREGATION RULE.—For purposes of this sec-  
13 tion, all persons treated as a single employer under sub-  
14 section (a) or (b) of section 52, or subsection (m) or (o)  
15 of section 414, shall be treated as one taxpayer.

16 “(c) DEFINITIONS.—For purposes of this section,  
17 any term used in this section which is also used in section  
18 4475 shall have the same meaning as when used in section  
19 4475.”

20 (c) WITHHOLDING.—Subchapter A of chapter 3 of  
21 such Code is amended by adding at the end the following  
22 new section:

23 **“SEC. 1447. WITHHOLDING ON SECURITIES TRANSACTIONS.**

24 “(a) IN GENERAL.—In the case of any outbound se-  
25 curities transaction, the transferor shall deduct and with-

1 hold a tax equal to the tax imposed under section 4475  
2 with respect to such transaction.

3 “(b) OUTBOUND SECURITIES TRANSACTION.—For  
4 purposes of this section, the term ‘outbound securities  
5 transaction’ means any covered transaction to which sec-  
6 tion 4475(a) applies if—

7 “(1) such transaction does not occur on a trad-  
8 ing facility located in the United States, and

9 “(2) the purchaser with respect to such trans-  
10 action in not a United States person.”.

11 (d) CONFORMING AMENDMENTS.—

12 (1) Section 6211(b)(4)(A) of such Code is  
13 amended by inserting “36B,” after “36A,”.

14 (2) Section 1324(b)(2) of title 31, United  
15 States Code, is amended by inserting “36B,” after  
16 “36A,”.

17 (3) The table of subchapters for chapter 36 of  
18 the Internal Revenue Code of 1986 is amended by  
19 inserting after the item relating to subchapter B the  
20 following new item:

“Subchapter C. Tax on securities transactions.”.

21 (4) The table of sections for subchapter A of  
22 chapter 3 of such Code is amended by adding at the  
23 end the following new item:

“Sec. 1447. Withholding on securities transactions.”.

1           (5) The table of sections for subpart C of part  
2           IV of subchapter A of chapter 1 of such Code is  
3           amended by inserting after the item relating to sec-  
4           tion 36A the following new item:

“Sec. 36B. Credit for securities transaction taxes.”.

5           (e) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to transactions occurring more  
7 than 180 days after the date of the enactment of this Act.

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