

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.

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

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 be 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 is 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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