**MEMO**

To: Financial Writers
From: Kate Cyrul for Senator Tom Harkin (D-IA); Jen Gilbreath for Congressman Peter DeFazio (D-OR)
Re: **Joint Tax Committee Finds Harkin, DeFazio Wall Street Trading and Speculators Tax Generates More Than $350 Billion**
Date: Monday, November 07, 2011

Analysis sent today to the offices of Senator Tom Harkin (D-IA) and Congressman Peter DeFazio (D-OR) from the Joint Committee on Taxation finds that the Wall Street Trading and Speculators Tax Act introduced last week by the lawmakers will raise $352 billion over the time period of January 2013 through 2021. The Joint Tax Committee also estimated that the Act raises $218.6 billion in the last 5 years, on average over $43 billion per year.

**"It is hard to argue with this substantial revenue – derived from a tax of $3.00 on $10,000 of Wall Street trading," said Harkin. "Our country needs every dollar possible to invest in infrastructure, job creation, the education of our children and reducing the debt among other priorities. This commonsense tax provides a viable solution."**

**"This legislation will generate $350 billion in needed revenue for our cash strapped federal government by targeting speculators flipping stocks a thousand times a minute," said DeFazio. "We need serious proposals to get our country back on sound fiscal footing. $350 billion in new revenue will reduce our deficit and enable federal investments in our future."**

**The Wall Street Trading and Speculators Tax** places a small tax of three basis points (3 pennies on $100 in value) on most non-consumer financial trading including stocks, bonds and other debts, except for their initial issuance. For example, if a company receives a loan from a financial company, that transaction would not be taxed. But, if the financial institution traded the debt, the trade would be subject to the tax. The tax would also cover all derivative contracts, options, forward contracts, swaps and other complex instruments at their actual cost. The measure excludes debt that has an original term of less than 100 days.

By setting the tax rate very low, the measure is not likely to impact the decision to engage in productive economic activity. It would, however, reduce certain speculative activities like high-speed computer arbitrage trading. Given the very high volume of financial trading, it will raise considerable funds, badly needed for government services and for reducing deficits.

The European Union is considering a similar proposal, but with a tax rate that is more than three times higher. Today, 30 foreign nations have in place a tax some financial transactions, including Great Britain and Switzerland.

**Various experts are available to comment on this proposal, including Dean Baker, Co-Director of the Center for Economic and Policy Research, John Fullerton, former Managing Director of JPMorgan, Capital Institute and Lisa Donner, Executive Director, Americans for Financial Reform.**

**For more information, please contact Kate Cyrul at (202) 224-3254 or visit http://harkin.senate.gov/ or Jen Gilbreath at (541) 465-6732 or visit http://www.defazio.house.gov/**

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