File #: Res 1899-2013, **Version:** *

Res. No. 1899

Resolution calling on the United States House of Representatives to pass, the Senate to introduce and pass, and the President to sign the Inclusive Prosperity Act, legislation which would impose a tax on certain trading transactions to strengthen our financial security, expand opportunity, and protect the middle class.

By Council Members Levin, Williams, Chin, James, Mendez, Rose and Rodriguez

Whereas, A financial transaction tax is a levy placed on a specific type of monetary transaction for a particular purpose, and charged only on the specific transaction that is designated as taxable; and

Whereas, There are several types of financial transaction taxes, with each having its own purpose; and

Whereas, Transaction taxes can be raised on the sale of specific financial assets, such as stock, bonds or futures; they can be applied to currency exchange transactions; or they can be general taxes levied against a mix of different transactions; and

Whereas, In 1694, an early implementation of a financial transaction tax was released in the form of a stamp duty at the London Stock Exchange; and

Whereas, The tax was payable by the buyer of shares for the official stamp on the legal document that was needed to formalize the purchase; and

Whereas, It is the oldest tax still in existence in Great Britain; and

Whereas, The United States imposed a financial transaction tax from 1914 to 1966; and

Whereas, The federal tax imposed a charge on stock sales of 0.1 per cent at issuance, and 0.04 per cent on transfers; and

Whereas, After 1966, the tax was eliminated and replaced with a 0.0034 per cent tax on stock transactions, which finances the Securities and Exchange Commission as well as the Commodities Futures

Trading Commission; and

Whereas, Many viewed the United States' financial transaction tax as a "Financial Speculation Tax," because it had the greatest impact on high-volume, high-speed speculative traders who profit from short or medium term fluctuations in the market value of a tradable good such as a financial instrument; and

Whereas, Currently, there are 40 nations that impose some form of a financial transaction tax, including Belgium, Colombia, Finland, France, Greece, India, Japan, Peru, Poland, Singapore, Sweden, Switzerland, and Taiwan; and

Whereas, In September 2011, the European Commission proposed a European Union Financial Transaction Tax ("EU FTT") within the 27 member states of the European Union; and

Whereas, The tax would impact financial transactions between financial institutions charging 0.1% against the exchange of shares and bonds and 0.01% across derivative contracts; and

Whereas, According to the European Commission, the EUFTT could raise €57 billion (or $68.9 billion) annually; and

Whereas, The proposal, supported by the eleven EU member states, was approved in the European Parliament in December 2012, and by the Council of the European Union in January 2013; and

Whereas, The formal agreement on the details of the EU FTT still need to be decided upon and approved by the European Parliament; and

Whereas, On April 15, 2013, to strengthen financial security and curb market speculation, United States Congressman Keith Ellison from Minnesota introduced legislation, H.R. 1579, which would impose a tax on certain trading transactions; and

Whereas, Specifically, the legislation, termed the "Inclusive Prosperity Act" (also called the Robin Hood Tax), would amend the United States Internal Revenue Code to: (1) impose a tax on the transfer of ownership of certain securities, including any share of stock in a corporation, any partnership or beneficial interest in a partnership or trust, any note, bond, debenture, or other evidence of indebtedness (excluding taxexempt municipal bonds), or derivative financial instruments; and (2) allow an individual taxpayer whose modified adjusted gross income does not exceed $50,000, or households whose modified adjusted gross income does not exceed $75,000, a tax credit for the amount of tax paid on financial transactions under the Robin Hood Tax; and

Whereas, The applicable percentage of the tax would be 0.5 per cent on stocks, 0.1 per cent on bonds, and .0005 per cent on derivatives; and

Whereas, A note, bond, or debenture would be excluded from this tax if it has a fixed maturity of 60 days or less and is traded on a trading facility in the United States; and

Whereas, The amount of revenue raised by the Robin Hood Tax is estimated by the bill's sponsor to be around $350 billion annually, which according to the bill, would be available to provide housing assistance to low-income households, invest in education, expand and improve Medicare and Medicaid, and invest in transportation infrastructure; and

Whereas, The Robin Hood Tax would encourage longer-term productive investment as investors would likely reduce the frequency of their trades; and

Whereas, This means that they will spend roughly the same amount on trades, but will buy and sell shares of stock less often, decreasing the volatility of stock market; now, therefore be it

Resolved, That the Council of the City of New York calls upon the United States House of Representatives to pass, the Senate to introduce and pass, and the President to sign the Inclusive Prosperity Act, legislation which would impose a tax on certain trading transactions to strengthen our financial security, expand opportunity, and protect the middle class.

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LS #4645
8-13-13