**The Inclusive Prosperity Act**

**Taxes Wall Street to Restore Main Street**

The Inclusive Prosperity Act creates a tax on financial transactions in order to invest in strengthening America’s families, communities and economy. A nominal tax on the sales of stocks, bonds and derivatives could raise between $150 billion to $350 billion a year. These funds could be used to strengthen financial security and expand opportunity for low-and moderate-income families, strengthen the social safety net, and expand resources for child care, Social Security, affordable housing, health care, and savings incentives. The bill would also expand resources for state and federal investments that protect our health, rebuild our crumbling physical infrastructure, and create good paying jobs.

The Inclusive Prosperity Act would slow the growth of automated high frequency trading, which makes the stock market more dangerous, increasing levels of tail risk and providing little utility to companies or society. A small tax would make high frequency trading unprofitable and help reduce the excess speculation on commodities like food and gas that drives up prices. It would put our markets back in the hands of people, protecting the market and economy from computer-generated collapses.

Currently, nearly thirty nations have some form of a financial transaction tax. The United Kingdom has had a tax on stock trades for decades – the same rate proposed in this bill – and their volume of trading has grown robustly. This real-world example indicates that a financial transaction tax would be both successful and enforceable in the U.S. Other nations with financial transactions tax include France, India, South Africa, Hong Kong, Columbia, South Korea, Singapore and Taiwan.

The U.S. had a similar tax from 1914 until 1966, and there have been bi-partisan calls in the past two decades, including from financial advisors to President George H.W. Bush, to reinstate it. A financial transaction tax enjoys broad support from individuals including: businesspeople such as Microsoft founder Bill Gates, mogul Mark Cuban, financier George Soros, and entrepreneur extraordinaire Warren Buffet; economists such as Nobel Prize winners Joseph Stiglitz and Paul Krugman, Earth Institute Director Jeffrey Sachs, and 1,000 other economists from across the world; political leaders from Al Gore to President Reagan’s Budget Director David Stockman; and thought leaders such as the Vatican, the New York Times Editorial Board, Archbishop Desmond Tutu, Jesse Jackson and Ban Ki-Moon.

This bill imposes a tax on the transfer of ownership of any security bond, notional principle contracts, swaps, options, forward contracts, or currency transactions. The tax imposed will be 0.5 percent on stocks (50 basis points), 0.1 percent on bonds (10 basis points), and 0.005 percent on derivatives or other investments (0.5 basis points). Because of the computerized nature of the market, the tax would be easy to track and enforce and tough to evade.

In order to build an inclusive and successful economy, the Inclusive Prosperity Act protects the investment market from damage done by high frequency trading and raises revenue from firms that caused the financial crisis. Now, with revenue more critical than ever for human needs investment, it is time to restore this common sense tax.

For information, contact Carol.Wayman@mail.house.gov or 5-4755 in Mr. Ellison’s office.