

Title: To establish a national goal and mechanism to achieve a trade-balancing exchange rate for the United States dollar, to impose a market access charge on certain purchases of United States assets, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Competitive Dollar for Jobs and Prosperity Act”.

SEC. 2. FINDINGS; SENSE OF CONGRESS.

(a) Findings.—Congress makes the following findings:

(1) The strength, vitality, and stability of the United States economy and, more broadly, the effectiveness of the global trading system are critically dependent on an international monetary regime of exchange rates that respond appropriately to eliminate persistent trade surpluses or deficits by adjusting to changes in global trade and capital flows.

(2) In recent decades, the United States dollar has become persistently overvalued, in relation to its trade-balancing equilibrium rate, because of excessive foreign capital inflows from both public and private sources.

(3) Countries with persistent trade surpluses maintain or benefit from undervalued currencies over a long period of time. As a result, those countries overproduce, underconsume, and rely excessively on consumers in countries with persistent trade deficits for growth. Those countries also export their unemployment and underemployment to countries with persistent trade deficits.

(4) Countries with persistent trade deficits, including the United States, absorb the overproduction of countries with persistent trade surpluses, thereby reducing domestic wages, manufacturing output and employment, economic growth, and innovation.

(5) The United States possesses fiscal and monetary tools to pursue national economic goals for employment, production, investment, income, price stability, and productivity. However, exchange rates that do not adjust to balance international trade can frustrate achieving those goals. The United States does not have a tool to manage exchange rates in the national interest.

(b) Sense of Congress.—It is the sense of Congress that—

(1) it is consistent with the obligations of the United States as a member of the World Trade Organization and the International Monetary Fund that the United States use a capital flow management tool to move the United States dollar to its trade-balancing exchange rate; and

(2) it is in the national interest of the United States to establish exchange rate management tools to consistently achieve a trade-balancing exchange rate.

SEC. 3. DEFINITIONS.

In this Act:

(1) COVERED BUYER.—The term “covered buyer” means a foreign person or a person located outside the United States that purchases a United States asset in a covered transaction.

(2) COVERED TRANSACTION.—The term “covered transaction” means the purchase or acquisition by a covered buyer of a United States asset the value of which exceeds \$10,000.

(3) CURRENT ACCOUNT BALANCE.—The term “current account balance” means that current account deficits do not exceed an average of 0.5 percent of the gross domestic product of the United States in any five-year period.

(4) DOMESTIC FINANCIAL INSTITUTION.—The term “domestic financial institution” has the meaning given that term in section 5312 of title 31, United States Code.

(5) ENTITY.—The term “entity” includes—

(A) a corporation, partnership, or limited liability company; or

(B) a trust or estate.

(6) FOREIGN PERSON.—The term “foreign person” means any individual or entity that is not a United States person.

(7) MARKET ACCESS CHARGE.—The term “market access charge” means the fee imposed under section 5 with respect to a covered transaction.

(8) PERSON.—The term “person” means an individual or entity.

(9) SECRETARY.—The term “Secretary” means the Secretary of the Treasury.

(10) SECURITY; TRANSFER AGENT.—The terms “security” and “transfer agent” have the meanings given those terms in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

(11) UNITED STATES ASSET.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “United States asset” means—

(i) a security, stock, bond, note, swap, loan, or other financial instrument—

(I) the face value of which is denominated in United States dollars;

(II) that is registered or located in the United States; or

(III) that is an obligation of a United States person;

(ii) real property located in the United States;

(iii) any ownership interest in an entity that is a United States person;

(iv) intellectual property owned by a United States person; and

(v) any other asset class or transaction identified by the Board of Governors of the Federal Reserve as trading in sufficient volume to cause a risk of upward pressure on the exchange rate of the United States dollar.

(B) EXCEPTIONS.—The term “United States asset” does not include—

- (i) a good being exported from the United States; or
- (ii) currency or noninterest bearing deposits.

(C) CONSIDERATION BY BOARD OF GOVERNORS.—Not less frequently than annually, the Board of Governors shall consider whether to identify additional asset classes or transactions under subparagraph (A)(v).

(12) UNITED STATES PERSON.—The term “United States person” means—

(A) a citizen or resident of the United States; or

(B) an entity organized under the laws of the United States or any jurisdiction within the United States.

SEC. 4. EXCHANGE RATE MANAGEMENT POLICY AND MECHANISMS.

(a) Amendment to Federal Reserve Act.—Section 2A of the Federal Reserve Act (12 U.S.C. 225a) is amended—

- (1) by inserting, in the section title, “and exchange rate” after Monetary;
- (2) by inserting “the United States exchange rate and” after “shall maintain”; and
- (3) by inserting “current account balance (as defined in section 3 of the Competitive Dollar for Jobs and Prosperity Act),” after “stable prices,”.

(b) Amendment to Federal Reserve Act.—Section 2B(a)(1)(A) of the Federal Reserve Act (12 U.S.C. 225b(a)(1)(A)) is amended by inserting “and exchange rate” after “monetary”.

(c) Exchange Rate Management Policy.—

(1) IN GENERAL.—The Board of Governors of the Federal Reserve System shall establish an exchange rate management policy to achieve and maintain a current account balance.

(2) MECHANISMS.—To achieve a current account balance as required by paragraph (1), the Board of Governors—

- (A) shall use the market access charge imposed under section 5; and
- (B) may engage in foreign exchange intervention.

SEC. 5. MARKET ACCESS CHARGE.

(a) Imposition.—On and after the date that is 180 days after the date of the enactment of this Act, there shall be imposed a market access charge on each covered buyer in a covered transaction.

(b) Calculation of Rate.—

(1) IN GENERAL.—The Board of Governors of the Federal Reserve System shall establish and adjust the rate of the market access charge at a rate that—

- (A) achieves a current account balance not later than [5] years after the date of the

enactment of this Act; and

(B) maintains a current account balance thereafter.

(2) EFFECTS OF NONCRISIS MOVEMENTS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Board of Governors may take into consideration the minimization of disruptive effects on output, employment, interest rates, and foreign exchange, securities, and asset markets.

(B) LIMITATION.—The Board of Governors may not adjust the market access charge in reaction to noncrisis movements in the markets described in subparagraph (A).

(3) ALTERNATE INITIAL MARKET ACCESS CHARGE.—If, on the date that is 180 days after the date of the enactment of this Act, the Board of Governors has not established the initial rate for the market access charge, the initial market access charge shall be established at the rate of 50 basis points of the value of a covered transaction.

(c) Collection and Reporting.—

(1) IN GENERAL.—The market access charge shall be collected from a covered buyer in a covered transaction as follows:

(A) In the case of a covered transaction involving a registered security, the transfer agent shall collect the market access charge.

(B) In the case of a covered transaction not involving a registered security and through which a domestic financial institution receives funds from the covered buyer, the domestic financial institution shall collect the market access charge.

(C) In the case of any covered transaction not described in subparagraph (A) or (B), the United States person that is the counterparty to the covered buyer or otherwise receives funds from the covered buyer pursuant to the covered transaction shall collect the market access charge.

(2) TRANSFER TO TREASURY.—At the end of each month, each person collecting a market access charge under paragraph (1) shall transfer to the Secretary the amount of all market access charges collected by the person during that month in such manner as the Secretary may prescribe.

(3) REPORTING.—The Secretary shall require each person collecting a market access charge under paragraph (1) with respect to a covered transaction to keep records and file reports with the Secretary that include, in the manner and to the extent the Secretary prescribes—

(A) the identity and address of participants in the transaction;

(B) a description of the legal capacity in which each participant in the transaction is acting;

(C) the identity of real parties in interest;

(D) a description of the transaction, including the nature of the United States asset involved and the price paid;

(E) the amount of the market access charge collected and the amount retained as a

service fee pursuant to paragraph (4); and

(F) such other information as the Secretary may prescribe.

(4) SERVICE FEE.—A person collecting a market access charge under paragraph (1)(A) or (B) may retain, from the amount of the market access charge collected, a service fee, in an amount prescribed by the Secretary, to compensate the person for the administrative costs of collecting the market access charge.

(5) PENALTIES.—

(A) TRANSFER AGENTS.—A transfer agent that violates the requirements of this subsection shall be subject to a penalty under section 32 of the Securities Exchange Act of 1934 (15 U.S.C. 78ff) to the same extent as if that agent violated a provision of that Act.

(B) DOMESTIC FINANCIAL INSTITUTIONS AND OTHER UNITED STATES PERSONS.—A domestic financial institution or other United States person that violates the requirements of this subsection shall be subject to a penalty under section 5321(a)(1) or 5322(a) of title 31, United States Code, to the same extent as if that institution violated a provision of subchapter II of chapter 53 of that title.

(d) Deposit in Treasury.—The Secretary shall deposit all amounts received under subsection (c)(2) into the general fund of the Treasury.

SEC. 6. REGULATIONS.

The Secretary shall prescribe such regulations as are necessary to carry out this Act.