Investing In Our Future Act, H.R. 5783

Introduced by Congressman Pete Stark

What the Legislation Does:

- Imposes a small tax of 0.005% on all currency transactions involving U.S. persons.
- Directs the revenues to fund domestic childcare programs and global health and climate change mitigation initiatives.

Why This Legislation Is Needed:

- The foreign currency exchange market is massive and completely untaxed. Each day approximately $4 trillion in trades are made. Many transactions in the foreign exchange markets are purely speculative in nature, made by banks that are essentially placing bets to turn a quick profit. This kind of speculation does not have societal benefits and creates excess volatility that disrupts financial markets.
- This tax would make currency speculation less profitable. One study predicted that a 0.005% tax would shrink the currency transaction market volume by 14%, almost all purely speculative trades.
- The current economic downturn threatens the previous commitments of world governments to help end poverty and mitigate the impact of climate change in the developing world.
- A small tax on currency transactions will generate substantial funds that will be directed through three trust funds to help meet national and international priorities for funding child care, climate change mitigation, and disease prevention.

How the Tax Works:

- Imposes a tax on the buying and selling of world currencies and on currency derivative transactions.
- The tax applies to transactions entered by or on behalf of U.S. persons, which includes domestic corporations, partnerships,

subsidiaries of foreign corporations, and individual citizens and residents.
- The tax is imposed on the amount of currency traded by the U.S. person.
- Collection of the tax will be achieved at the clearing, or settlement point of the transaction
- Transactions under $10,000 are exempted from the tax.

The Amount of the Tax:
- A 0.005 percent tax is a micro tax that is comparable to financial transaction taxes in the U.S. and abroad.
  - The United States imposes a 0.00169 percent tax on stock transactions.
  - The United Kingdom levies a 0.5 percent stamp duty on securities.

The Revenue:
- One study predicted that a worldwide currency tax on the US Dollar at 0.005% would collect more than $28 billion per year.
- The Investing in Our Future Act will create three trust funds for domestic and international causes that are often overlooked and underfunded:
  - The Child Care Assistance Trust Fund will receive 20% of the revenue and will be used to increase the availability of affordable childcare for working parents. Currently, only 1 child in 7 who is eligible for subsidized child care actually receives it.
  - The Multilateral Global Health Trust Fund will receive 40% of the revenue. The funds will be distributed by the Secretary of State to the Global Fund to fight AIDS, Tuberculosis and Malaria and other funds that work with developing countries to improve medical infrastructure, and support disease prevention and treatment operations.
  - The Global Climate Change Adaptation and Mitigation Trust Fund will receive 40% of the revenue. The funds will be

distributed by the Secretary of State to meet our commitments under the United Nations Framework Convention on Climate Change to assist developing countries dealing with the impacts of climate change.