



Rep. Mary E. Flowers

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LRB098 10549 HLH 43536 a

1 AMENDMENT TO HOUSE BILL 1554

2 AMENDMENT NO. _____. Amend House Bill 1554 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Financial Transaction Tax Act.

6 Section 5. Tax imposed; definitions.

7 (a) Beginning September 1, 2013, a tax is imposed on the
8 privilege of engaging in a financial transaction that occurs or
9 is cleared on a facility located in this State. The tax is
10 imposed at a rate of 0.01% of the value of the transaction. The
11 tax shall be paid by the trading facility or, in any other
12 case, by the purchaser involved in the transaction.

13 (b) A tax imposed under this Act, and all civil penalties
14 that may be assessed as an incident thereof, shall be
15 administered, collected, and enforced by the Illinois
16 Department of Revenue in the same manner as required under the

1 Retailers' Occupation Tax Act insofar as may be applicable. The
2 Department of Revenue has full power to administer and enforce
3 this Act, to collect all taxes and penalties due under this
4 Act, to dispose of taxes and penalties so collected as provided
5 in this Act, and to determine all rights to credit memoranda
6 arising on account of the erroneous payment of tax or penalty
7 under this Act. The Department of Revenue shall pay over to the
8 State Treasurer all taxes and penalties collected under this
9 Act for deposit into the General Revenue Fund.

10 (c) For the purposes of this Act, "financial transaction"
11 means a transaction involving the purchase or sale of:

12 (1) any share of stock in a corporation;

13 (2) a "futures contract", defined as a contractual
14 agreement to buy or sell a particular commodity or
15 financial instrument at a pre-determined price in the
16 future;

17 (3) a "swap contract", defined as a contractual
18 agreement to exchange the cash flows of one party's
19 financial instrument for those of another party's
20 financial instrument;

21 (4) a "credit default swap", defined as a swap designed
22 to transfer the credit exposure of fixed income products
23 between parties, including credit derivative contracts,
24 where the purchaser of the swap makes payments up until the
25 maturity date of a contract, and the seller agrees to pay
26 off a third party debt if the party defaults on the loan;

1 (5) an "options contract", defined as a contract that
2 allows the holder to buy or sell an underlying security or
3 other financial instrument at a given price (including, but
4 not limited to, options on futures contracts); and

5 (6) other "derivatives", defined as a security or
6 financial instrument the price of which is dependent upon
7 or derived from one or more underlying assets.

8 For the purposes of this Act, "financial transaction" does
9 not include a transaction involving securities held in a
10 retirement account or a transaction involving a mutual fund.

11 An exchange of securities of financial instruments shall be
12 treated as a purchase of the securities or financial received
13 by each party to the exchange.

14 Section 10. Rules. The Department shall adopt
15 administrative rules to implement and administer this Act.
16 Initial rules may be adopted as emergency rules.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law."