

Poll: Don't Expect Transaction Tax Anytime Soon

By [Danielle Sottosanti](#), *Ignites*, September 26, 2012 [available by subscription only]

Congress probably won't pass a proposed tax that supporters say will help reduce market speculation and opponents say will hurt investors in the form of higher fees and reduced returns.

That's according to a recent *Ignites* poll that asked readers to evaluate the likelihood that the bill, introduced by seven House Democrats last week, will become law. Roughly 80%, or 189 respondents, say that the bill doesn't have enough support in Congress, while 20%, or 47 respondents, say that the tax will pass.

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Whether Main Street investors or Wall Street would bear the weight of such a tax remains a point of contention, with experts weighing in on both sides.

“One of the problems with this idea is that it is designed to be an anti-Wall Street initiative, but the tax is going to be passed on to many investors, whether they are trading rapidly or not, in the form of higher commissions and fees by brokers,” writes Niels Holch, executive director of the [Coalition of Mutual Fund Investors](#), in an e-mail response to questions.

That's because the tax would raise costs for mutual fund managers who are purchasing stocks and bonds for the portfolio, and those costs would ultimately be paid for by fund investors, he explains.

Like the majority of *Ignites* poll respondents, Holch doesn't foresee Congress passing a financial transaction tax this year due to the large tax and budget issues on the agenda and the lack of bipartisan support to pass it in the lame-duck session. However, Congress may explore the issue further, he notes.

“Next year's Congress is going to have difficulty raising enough revenue for federal budget purposes. If high frequency trading continues to be a high-profile issue, a transactions tax could garner more support in Congress, but the proposal will need more support from both Republicans and Democrats before it will be seriously considered,” he says.