CENTER FOR CAPITAL MARKETS COMPETITIVENESS

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The Honorable Sherrod Brown
Chair
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

The U.S. Chamber of Commerce strongly opposes the "Stop Wall Street Looting Act," which may be subject to discussion during an October 20 subcommittee hearing. This legislation would punitively target the private equity segment of the financial services sector that we believe is vital to the American economy.

Private equity firms make long-term investments in companies poised for growth as well as undervalued or underperforming businesses, and the private equity funds created by such firms invest in various companies throughout the economy are often backed by capital from institutional investors, including public pension funds. Private equity funds have long played a major role in the development of a broad range of companies, which employ 8.8 million people across the United States.

The "Stop Wall Street Looting Act" would make it extremely difficult, if not impossible, for private equity to continue its productive contributions to the American economy via their investments in main street businesses. The legislation would require investors to assume new financial liabilities, ban dividends to investors, change bankruptcy law, and institute other restrictions such as increasing taxes on carried interest capital gains that would prevent private equity funds from investing in job creation.[1]

The Chamber released a report in 2019 entitled, "Economic Impact Analysis of the Stop Wall Street Looting Act,"[2] which found that if this legislation were enacted it would result in:

- The loss of between 6.2 million to 26.3 million jobs across the U.S.

[1] Swenson, C. (Fall 2021). The U.S. Chamber of Commerce. https://www.centerforcapitalmarkets.com/wp-content/uploads/2021/09/CCMC_-Impact-On-Jobs-Tax-Revenue-And-Economic-Growth-Of-Proposed-Tax-Increase-On-Carried-Interest-9.5.21.pdf
[2] Swenson, C. (November 12, 2019). Economic Impact Analysis of the Stop Wall Street Looting Act. The U.S. Chamber of Commerce. https://www.centerforcapitalmarkets.com/wp-content/uploads/2019/11/Swenson-Chamber-Economic-Impact-Analysis-Report-Stop-Wall-Street-Looting-Act-FINAL-002.pdf

- The loss of a combined $109 billion to $475 billion annually in tax revenues across federal, state, and local governments.
- The loss by public pension funds of at least $329 million (and possibly up to $1.65 billion) annually that would be caused by switching to lower-yielding investments.
- The loss for investors of $671 million to $3.36 billion per year.
- The potential elimination of the private equity industry as a result of increased risk, taxes, and restrictions.
- The failure or downsizing of many firms which normally seek private equity financing that would now be unable to find financing.

Legislation like the "Stop Wall Street Looting Act," and the various restrictions on investments it proposes, would undoubtedly be extremely damaging to main street businesses. We thank you for considering our views and look forward to working with the Committee on issues regarding the contributions of private funds to the U.S. economy.

Sincerely,

Tom Quaadman

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs