

Macro View – Billionaire Tax

Democratic members in Washington have been looking for alternative ways to generate revenue after Senator Krysten Sinema’s opposition to increasing marginal tax rates on corporations, capital gains, or individuals. Therefore, in an effort to pay for their vast social and climate change spending package, Democrats are now proposing an annual tax on billionaires’ liquid asset unrealized capital gains. For example, if you own a stock that increases in value from \$50 per share to \$100 per share, but never sold, you will potentially have to pay a tax on the \$50 “gain.” Now, the proposed tax is expected to only affect people with \$1 billion in assets or \$100 million in income for three consecutive years, or likely fewer than 1,000 taxpayers, according to The Wall Street Journal. However, this bill, like many of Democrats’ previous proposals, will face challenges from both Democrats and Republicans. Given the slim majorities in Congress, every Democratic vote would be needed to pass, something that is not clear at this time.



Source: Investopia

Taking Stock – Tesla

On Monday October 25, Tesla Inc (TSLA) hit a \$1 trillion dollar market cap following the news that Hertz (HTZZ) is ordering 100,000 electric vehicles to build out its electric fleet of rentals by the end of 2022. This was after the company reported record profits and revenue for Q3 (EPS adjusted: \$1.86 vs \$1.59 expected and revenue: \$13.76 billion vs \$13.63 billion expected). According to Bloomberg, this deal with Hertz will reportedly bring in \$4.2 billion for Tesla. Upon surpassing this milestone, Tesla joins the likes of Alphabet (GOOGL), Apple (APPL), Amazon (AMZN), Microsoft (MSFT), and Facebook (FB) as companies with over a \$1 trillion market cap. At the time of this writing, Tesla is up about 45% YTD and 60% over the last three months. However, automakers like Tesla still face challenges with semi-conductor shortages and ongoing supply chain struggles weighing on the industry.

