



Legislation Text

File #: Res 1358-2020, **Version:** *

Res. No. 1358

Resolution calling upon the New York State Legislature to pass, and the Governor to sign, legislation in relation to amending the stock transfer tax.

By Council Member Rosenthal

Whereas, In 1905, New York State instituted a stock transfer tax that was imposed on the sale or transfer of certain security transactions that occur within the State; and

Whereas, Currently, the stock transfer tax is \$.025 for each share transferred, except in cases where the shares or certificates are sold, in which cases the tax ranges from \$0.0125 per share to \$0.05 per share, depending upon the selling price of a share; and

Whereas, When the tax was initially instituted, the revenue generated from the tax went directly to the State, until 1966 when the revenue shifted to the City, according to a 2003 conference paper of the Political Economy Research Institute, *Evaluation of a Proposal to Reinstate the New York Stock Transfer Tax*; and

Whereas, Subsequently, beginning on October 1, 1979, the State passed legislation that rebated 30 percent of the tax, which later increased to 60 percent in 1980, and then 100 percent of the tax in 1981, according to the conference paper by the Political Economy Research Institute; and

Whereas, Because 100 percent of the revenue generated from the stock transfer tax has been rebated since 1981, the State forgoes billions of dollars in revenue each year, even reaching as high as \$16 billion in 2008 according to the Better Choice Budget Campaign; and

Whereas, The rebate is no longer justifiable as it could raise significant revenue for New York as it

reckons with an unprecedented fiscal emergency resulting from the COVID-19 pandemic; and

Whereas, According to the Strong Economy for All Coalition, by instituting, at minimum, a targeted tax rate of 0.5 percent on share repurchases, New York State could raise upwards of \$3.2 billion dollars a year; and

Whereas, The revenue generated from the tax would allow both the State and City to address some of the budgetary shortfalls, while also providing additional funding to vital social service programs; and

Whereas, To that end, the stock transfer tax rebate should be eliminated so as to allow the revenues from the tax to be shared between the State and municipalities, such as New York City; and

Whereas, Additionally, the stock transfer tax should be extended to apply not only to the transfers of equity securities, but also to the transfers of bonds and derivatives; and

Whereas, Moreover, the rate of tax should be increased to apply a 0.5 percent tax rate to stock transfers, a 0.1 percent rate for bond trades, and a 0.005 percent for derivatives transactions; and

Whereas, In the face of the economic downturn triggered by the onset of the COVID-19 pandemic, amending the stock transfer tax in this way could make a significant contribution toward ameliorating the fiscal crisis by obviating the need for cuts to localities and maintaining funding for social service programs; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass, and the Governor to sign, legislation in relation to amending the stock transfer tax.

SR
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