Quick Facts About the Stock Transfer Tax

The Stock Transfer Tax is a simple issue, thanks to Goldman Sachs.

We're being played by the securities industry and its supporters like the Citizens Budget Commission. Hong Kong has a tax that is 10 cents per $100. Our proposal is 5 cents per 100 shares (which results in a lower tax than Hong Kong on an average trade on NASDAQ). Hong Kong just increased theirs to 13 cents per $100. Here's what the chief Asia-Pacific equity strategist at Goldman Sachs said: "The overall increase, it sounds like 30%'s a big number, but it's really 3 cents on every hundred dollars of trading – that's hardly gonna be a sufficient fundamental reason for people to make an investment decision."

Second, we were told that STT would raise only $5 billion per year based on numbers from Tax and Finance for 2019. This was puzzling, since STT would have raised $14 billion in 2017 and volume is higher now. At the budget hearing, the Commissioner admitted many large firms have stopped reporting. So $14 billion is a realistic number.

Third, the New York State Teachers' Retirement System and the State and Local Retirement System together pay $1.3 billion a year to Wall Street in fees. For that enormous sum, the wizards of Wall Street have generated returns of 2% or less, even negative in one of the last few years. STT is a paltry 3% of what NYS is paying to Wall Street in fees. Even if they reduced their take at the expense of our public employees by 3%, that's still a heck of a gravy train.

Fourth, a federal tax of this type would be disastrous because the money would just flow to 49 other states though it originates in NY. We already export 20+% of our tax revenue to other states. We do not want to exacerbate that problem.

Fifth, the securities industry is no longer creating jobs in New York State. Employment in the securities industry in NYC is down 26%, according to the Business Council. This obviously has nothing to do with a tax that is not being collected. Meanwhile, Wall Street has reach dizzying heights during the pandemic. This only proves that in capitalism it is possible to make more money while laying off employees. As Pollin and Heintz concluded, there is simply no relationship between transaction costs, like STT, and employment in the securities industry.

Finally, let me say in response to the false claims of others, STT is not simply reinstating a 1905 law. It builds on the 1905 legislation and adapts it to the present. For example, STT is self-enforcing. We incorporate what the British do. If you don't pay the tax, you don't own the security. Furthermore, we put the money in places like NYCHA and green energy. We don't just dump it in the General Fund. Ours is a jobs creation bill. STT is not a one-shot deal like Federal COVID aid. This is a recurring source of revenue that will move New York State forward.