

# Wall Street stock transfer tax back on the table in New York

Homeless crisis prompts call to end Wall Street subsidy

By Bob Hennelly

The confluence of the ending of billions in federal direct COVID aid and Governor Greg Abbott (R-Texas) sending tens of thousands of asylum seeking migrants to New York City has members of the New York State legislature calling for an end to the state's rebating back the one-tenth of one percent Stock Transfer Tax (STT) that was enacted in the early 1900s but has been refunded back to Wall Street since the 1980s.

Ending the Stock Transfer Tax rebate has also surfaced as union resistance has grown to the MTA's congestion pricing plan to levy an additional \$15 per charge for cars entering Manhattan south of 60th Street.

"The MTA could raise funds through closing the stock transfer tax loophole and control congestion by still limiting trucks to specific hours and restricting private vehicles to specific days based on plate IDs for example," said Bhairavi Desai, president of the Taxi Workers Alliance, which represents over 20,000 drivers.

The sponsors of the legislation to end the rebate estimate it could yield over \$14 billion annually. A similar tax has been in effect in London since the 1690s.

Advocates for its resumption estimate Albany has lost \$400 billion in revenue since it suspended its collection which it could have used to raise well over a trillion dollars for the state's housing, healthcare, education, and transit needs.

New York City and New York are now grappling with billions of dollars in budget shortfalls that need to be addressed by April 1 in Albany and July 1 in the city.

Mayor Eric Adams and Governor Kathleen Hochul have made mostly unsuccessful appeals to the federal government to help defray the costs of pro-

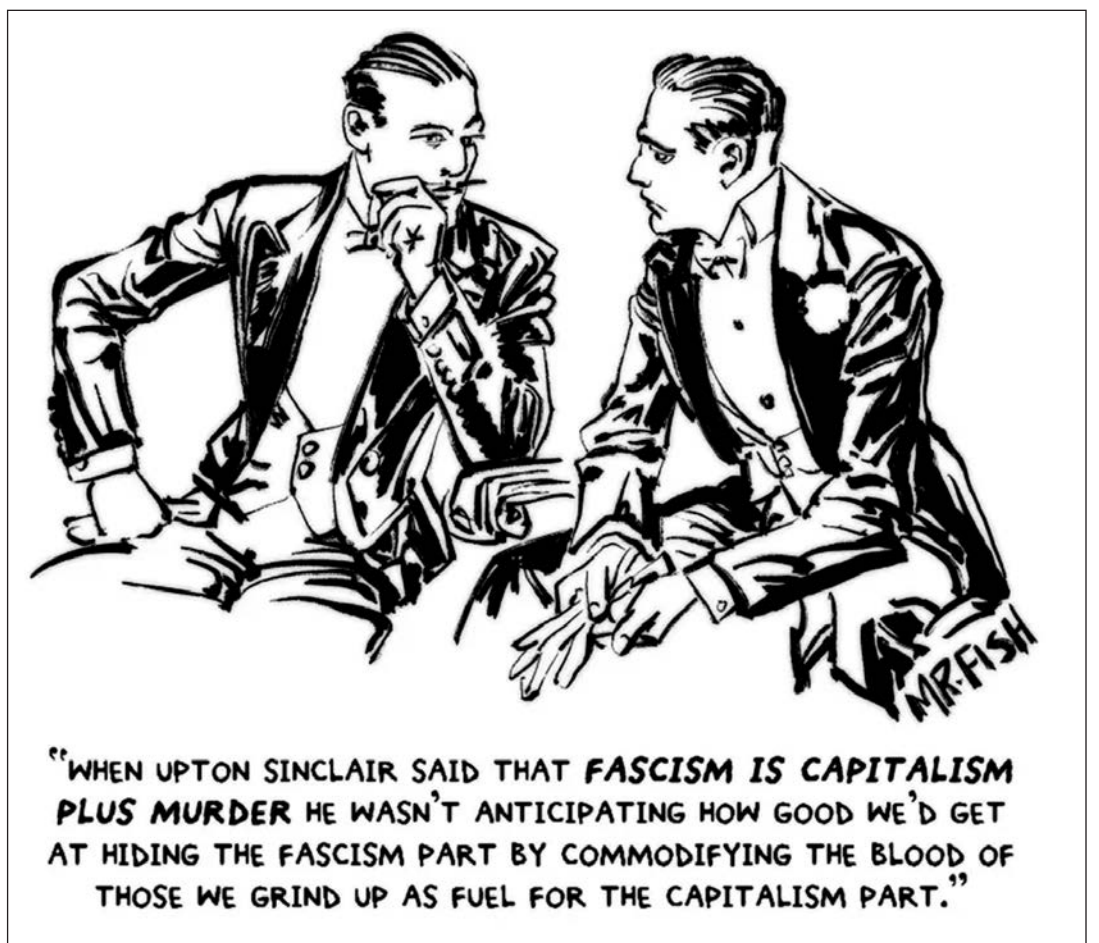
cessing, feeding, sheltering, and providing healthcare for well over 150,000 migrant asylum seekers who were paroled into the country over the last 18 months.

The movement to repeal the rebate is gaining traction with an ascendant labor movement as a new Siena College poll found that over two-thirds of New York voters, an "overwhelming majority," support raising taxes on profitable corporations and the state's wealthiest households.

According to the survey, 81 percent of Democrats and 59 percent of non-affiliated voters would back higher levies on the richest of the rich.

Pollsters found that such a move even had the support of 46 percent of the Republicans they surveyed, an unusually bipartisan result on a public policy question.

The public support for higher taxes on the wealthy and profitable corporations coincides with a Federal Reserve analysis of stock markets documenting "the concentration of ownership of the public equity stock market has hit an all-time high," according to the Insti-



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tute for Policy Studies which also cited an Axios report that "the top 10 percent hold about 93 percent of U.S. households stock market wealth."

When IPS looked at the top one percent of households they found that cohort owned 54 percent of the public equity markets, a double digit spike from the 40 percent they held in 2002.

This shift at the top happened while the stock market's value tripled after the turn of the century with the richest one percent holding \$25 trillion in equities while the bottom half of U.S. households own "less than half a trillion dollars in stock market wealth."

The suicide last month of an 11-year-old Venezuelan boy whose family was seeking asylum and were staying at a city provided hotel on the Upper West Side of Manhattan was just the latest example of the human toll of the costly bitter

interstate battle over immigration.

The daily wave of new resourceless arrivals is compounding the city's pre-existing homeless and mental health crisis that's been deepening for decades during what was a luxury housing boom.

James Henry is a New York based Yale University Global Justice fellow as well as an economist and attorney with expertise in global corporate tax policy who supports ending the rebate.

"It's a tiny one-tenth of one percent tax – the average trade on the NASDAQ is worth about \$8,800 – that would work out to \$8.80. The brokerage fees are like \$100 or online \$10 to \$15. It's de minimis and it's mainly paid mostly by non-New Yorkers," according to Henry.

"New York State has had it in place since 1905 when it was introduced by a Republican Governor who balanced his budget with it," Henry told the *Capitol Hill Citizen*. "It functioned very well even though at the time the *New York Times* and Wall Street made all sorts of dramatic claims the exchanges would go to New Jersey or Chicago and that just did not happen."

The proposal to end the rebate gained some momentum in Albany at the end of the Trump presidency when Republicans in Washington withheld hundreds of billions in local and state COVID recovery aid as leverage to secure indemnification for employers from employee claims related to COVID.

The municipal and state fiscal pressure was relieved when

President Biden signed the \$1.9 trillion COVID-19 Stimulus Package also known as the American Rescue Plan.

In 2021 critics of the proposal to end the rebate echoed the concerns sounded over a hundred years ago when it was first enacted that investment companies would flee New York.

"The NYSE is owned by Intercontinental Exchange, an Atlanta-based company that operates stock exchanges around the world, and could simply re-route transactions offshore," wrote *Daily News* columnist Errol Louis in February 2021. "Taxes would tempt the New York exchanges to move operations beyond the reach of New York, and possibly outside the country altogether."

At his December 19 press briefing, Mayor Adams was asked about his views on New York State ending the rebating back to investors of the state's Stock Transfer Tax as a possible fix to the current fiscal crisis.

"That's a state issue," said Adams, who served in the New York Senate for several years. "They're going to have to debate that and come up with a conclusion. I don't think I could make it any clearer that everything should be on the table because by law we have to balance our budget."

Hochul did not mention the Stock Transfer Tax in her recent State of the State address or her budget presentation but did say she would oppose raising the state's income tax because she believes it would increase the state's already highest in the nation out-migration.

The centrist Democrat also



**New York City's homeless population has reached levels not seen since the Great Depression. In November 2023 there were close to 93,000 homeless, including 33,365 homeless children in the city's shelter system.**

(Photo: Robert Hennelly)

insists the state maintain a 15 percent budget reserve which wins praise from the bond markets.

Yet, during Governor Hochul's budget presentation she did commit to addressing the state's "inexcusable housing shortage" and conceded its mental health care system had been "underfunded for decades" due to a "callous indifference."

She described how the federal government's ending of supplemental pandemic support blew a \$1.5 billion hole in the state's Medicaid program as Albany scrambled to cover an additional 200,000 previously unenrolled residents.

In her recent State of the State, Hochul blamed her state's "obscenely high costs of rents and mortgages caused by the unconscionable shortage of housing in New York" for "driving people" out of the state and for shrinking its delegation in Congress from 43 members to just 26.

Assembly member Phil Steck (D-NY), one of the lead sponsors of the bill to start collecting the Stock Transfer Tax again, believes it has significant advantages over the income tax that Albany has to embrace if it's going to BI was a direct

alance its budget and address Hochul's long list of big fixes for perennial problems like housing and mental health amidst the migration crisis.

"The problem that we have as New Yorkers, if you can't raise income tax, because the wealthy New Yorkers do have the ability to leave to avoid that tax, but they can't avoid something like the stock transfer tax, because all the major securities markets are in New York. You can move to Tennessee, but you still have to trade in New York. So I think we have a big budget hole. And this budget is not doing anything to fill it," Steck told WAMC.

In recent weeks Mayor Adams has restored some \$200 million of \$7 billion in controversial cuts to balance the city's \$109.4 billion budget. But the unions that represent the city's first responders are sounding the alarm that response times continue to deteriorate as the city works to get its post-pandemic footing.

The union leadership of the Uniformed Firefighters Association, Uniformed Fire Officers Association, DC 37 Local 2507 – which represent EMTs, paramedics and fire inspectors – as well as DC 37 Local 3621 – which represents FDNY EMS officers, maintain the latest response time data depicts a system already under significant stress and in need of new investment.



**New York Assemblyman Phil Steck is the lead advocate in the New York legislature for the Stock Transfer Tax.** (Photo: AP)

Vincent Variale, president of DC 37's Local 3621, which represents FDNY EMS officers, said that between the FDNY's inability to retain its current EMS workforce long term and its aging ambulance fleet "you could see those average response times go to 15 to 20 minutes, and we know brain cell death kicks in at six minutes, so even with these existing nine to ten minutes response times people are dying unnecessarily."

Variale supports Albany reviving the collection of the Stock Transfer Tax to prevent the further erosion of essential services.

"It's a great idea and I don't know why Albany is not jumping on it," Variale said during an interview. "I am only guessing the rich people have lobbied them and they are saying that if we start collecting it again, they are going to leave."

John Samuelsen is the international president of the Transport Workers Union that represents 155,000 workers across the country as well as the New York City's transit system's workforce. Samuelsen told the *Capitol Hill Citizen*, while he wouldn't want to see Wall Street firms leave on account of a resumption of the Stock Transfer Tax, "we desperately need the revenue for social services on the streets of New York and we are in dire need of public investment for our subway and bus system."

"It's utterly ridiculous we keep rebating back billions to these super wealthy Wall Street banks and investment firms and if you walk down Broadway right outside their doors we have homeless people and veterans sleeping on cardboard boxes – what a juxtaposition."

Part of the Adams and Hochul administrations' response to the rising cost of addressing the shelter crisis is to ask the courts to end the city's legal obligation under a decades-old consent decree to house the homeless.

A coalition of social justice and religious groups along with 1199 SEIU, the city's largest healthcare union, are fighting New York abandoning "the core protection that has saved tens of thousands of lives over the last half-century and has prevented New York City from experiencing the massive tent encampments in public spaces so common in other major American cities."

David Jones is an attorney and President and Chief Executive Officer of the Community Service Society of New York, who joined the coalition to preserve New York's right to shelter law. CSS is one of the city's oldest non-profits tracing its roots to 1843. Jones believes Albany needs to start collecting the Stock Transfer Tax again.

"Everyone has said this is an emergency – a crisis – but only

some constituents are being asked to bear the burden and I think on a temporary basis we should turn to some of the more advantaged interests in the City of New York – without consideration of what they contribute to both the Governor and the Mayor – they should step up," Jones told the *Capitol Hill Citizen* during a phone interview.

For years New York City has increasingly turned to non-profit contractors to address its chronic homeless problem, funding a workforce of 125,000 non-civil service workers whose wages are so low 60 percent of them rely on something like food stamps.

Marianne Pizzitola is a retired FDNY EMT who has been a long time 9/11 World Trade Center advocate and is now president of the New York City Organization of Public Service Retirees (NYCOPSR).

She has been leading the opposition to a plan that was first floated under Mayor Bill de Blasio and supported by the city's Municipal Labor Committee to force 250,000 retired civil servants off of their traditional Medicare coverage and into a for-profit Medicare Advantage Plan which the boosters maintain would net the city \$600 million annually in savings.

So far, NYCOPSR has won several rounds in court relying on the city's commitment to provide free post-retirement healthcare coverage throughout their careers working for the city.

Pizzitola observes that the attack on municipal retirees' healthcare followed the steady erosion of pension benefits for newer public workers with the introduction of the kind of exploitative tiered workforce the United Auto Workers struck over.

"People think of New York as this bastion of labor but all through that time since the 1980s when they started rebating back billions to Wall Street the politicians like Bloomberg were talking about the need for austerity," Pizzitola said during a phone interview. "Think about it. Handing over hundreds of billions to Wall Street while you were closing hospitals, letting the subways go, while you watch the homeless population explode. Well – there's no other way to say it – but for all the union rhetoric we lost our way socially, economically, and morally. We need to make NYC a union town again."

With New York unlikely to get sufficient aid out of a Republican Congress to address its multifaceted fiscal challenges, the Albany lawmakers that last took the lead on trying to repeal the Stock Transfer Tax

rebate a few years back will try again this session.

"While I understand concerns about repealing the rebate, the needs of our state are simply too pressing to ignore," wrote Sen James Sanders (D-Brooklyn), chairman of the Committee on Banks, in response to a query. "We can't afford to let crucial infrastructure crumble, our schools struggle, and our communities lack clean water. This bill offers a responsible way to address these challenges. This bill isn't just about raising revenue; it's about investing in New York's future."

"Without ending the stock transfer tax rebate there is no future for truly progressive government on economic issues in New York," wrote Assembly Member Phil Steck in response to a query. "The NYS budget will remain a long series of partially funded programs. I do not see how the Governor funds progress with no increase in revenue. People can leave NY to avoid income tax, but if they want to trade securities, all the major markets are in NY, so they have to play here – leaving gets them nowhere."

"The last time the state pursued real wealth taxes, instead of taxes by another name raised on working families, we generated more wealth and welcomed more millionaires to our state," wrote Senator Jessica Ramos, chair of the Labor Committee. "Now the number of billionaires has jumped from 120 to 134, and they are using every loophole in the book to avoid paying their fair share. A simple tax on a billionaire's trillions of dollars in unrealized capital gains would generate \$23 billion that could be used to bail out small businesses, fund child care, and protect health care benefits."

For years, progressives in Congress like Congresswoman Barbara Lee (D-California) and Senator Bernie Sanders (I-Vermont) have promoted a similar financial transactions tax on stocks and other securities that was included in their alternative budget.

During the 2020 presidential campaign several Democratic candidates, including former Mayor Mike Bloomberg, endorsed some version of the tax that the Congressional Budget Office estimated would generate \$777 billion in new revenue over ten years. **CHC**

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