



(Could raise \$3.2 billion annually)

(Secs. 270-281-a State Tax Law): The stock transfer tax is basically a sales tax on the transfer of shares of stock with a number of exemptions including an exemption for the original issuance of stock. However, transfers of treasury stock are taxable.

The tax has been in effect since 1905 but unfortunately the money is currently tallied, assessed, collected and then handed right back to the brokers who paid it in the form of a 100% rebate. The tax was fully collected until 1981. The state began rebating the tax in 1979 (at 30%), 1980 (at 60%) and in 1981 (at 100%).

The way it works is simple. The broker fills out a return (form MT-650), submits payment to the state and the state wires the money right back to the broker. In the past the state had to momentarily take possession of the tax to fulfill the arcane requirements of its bond agreement with the Municipal Assistance Corporation (this is no longer the case).

In order to discourage speculation, consideration should also be given to tying the underlying tax rate to a person's trading volume: the lower the trading volume, the lower the tax. This would lessen the frenzied volatility that caused many of Wall Street's problems in recent decades.

NYS currently rebates 100% of the nearly \$16 billion in Stock Transfer taxes back to brokers right after it is paid. We suggest that 80% be temporarily rebated and the State retain 20% (during our economic downturn) which would result in \$3.2 billion annually in state revenue that could be used to provide property tax relief and close the state budget gap.

Selling Price (per share)	Rate (per share)
Less than \$5	.0025 cents
\$5 or more but less than \$10	.005 cents
\$10 or more but less than \$20	.075 cents
\$20 or more	1 cents

For more information please contact Ron Deutsch at New

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Stock Transfer Tax Collections Before Rebates*	
State Fiscal Year Ending In:	Amount:
1980	452,743,623
1981	580,660,890
1982	561,440,112
1983	793,351,417
1984	1,023,718,768
1985	973,710,060
1986	1,232,497,287
1987	1,527,383,132
1988	1,755,983,416
1989	1,375,278,554
1990	1,610,760,964
1991	1,706,615,076
1992	2,210,761,060
1993	2,365,933,800
1994	2,935,823,760
1995	3,003,612,181
1996	3,595,094,985
1997	4,104,580,775
1998	5,572,567,976
1999	6,782,443,468
2000	7,494,935,815
2001	7,631,765,383
2002	6,682,575,506
2003	9,288,841,525
2004	10,605,122,527
2005	11,549,250,124
2006	11,593,533,764
2007	13,419,216,071
2008	16,313,860,949
2009	15,991,810,068

*The tax is rebated at the following rates:
Beginning October 1, 1979: 30%
Beginning October 1, 1980: 60%
Beginning October 1, 1981: 100%

Source: Table 22, New York State Department of Taxation and Finance, 2008-2009 New York State Tax Collections: Statistical Summaries and Historical Tables, November 2009.