FPI
Fiscal Policy Institute

540 Broadway
Albany, NY 12207

press@fiscalpolicy.org
fiscalpolicy.org

By Fiscal Policy Institute
September 30, 2026

Statement on Legal Challenges to Pied-à-Terre Tax: Anti-tax Lawsuits by High Earners Threaten New York's Economic Growth

Legal challenges in other cities and states have mostly failed

New York, NY | Three lawsuits have challenged the timing and implementation of New York City's pied-à-terre tax. The first claims that the city acted unlawfully in the rollout of the tax, rather than attacking its legality. The second two, both newly filed this week, question its lawfulness and argue that it is discriminatory insofar as it targets out-of-state homeowners. *In response, Fiscal Policy Institute Executive Director Emily Eisner released the following statement on behalf of FPI:*

The pied-à-terre tax is broadly popular and would bring approximately $500 million into the city's coffers. This new revenue is essential to meeting the city's existing spending obligations.

While the legal challenges will ultimately be decided through the courts, they are prime examples of the high-profile and highly effective battle that the high-earner class is waging on progressive taxation in the United States. High earners have filed lawsuits in many cities and states that have imposed taxes on second homeowners or high-value homes. In nearly all cases—from Los Angeles to Washington, DC—these lawsuits have failed. The only successful suit relies on a California law that does not have an equivalent in New York. Looking abroad, the many legal challenges to Vancouver's "empty homes" tax, which is quite similar to New York City's pied-à-terre tax, have not succeeded.

Over the past fifteen years, New York City's revenue has not kept pace with economic growth because the city's tax code has become detached from economic circumstances—namely, the city's immense and increasing inequality. When city revenue and the economy are out of step, municipal services erode. Because New York City drives New York State's economy, state lawmakers must continue to support the city's efforts to grow its revenue. Anti-tax lawsuits by the high-earner class threaten any comprehensive strategy to bring down the cost of living and achieve state-wide economic growth.

About FPI

The Fiscal Policy Institute (FPI) is an independent, nonpartisan, nonprofit think tank that advances sound and equitable fiscal policy to strengthen New York's economy through research, analysis and strategic communications. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.