FPI
Fiscal Policy Institute

540 Broadway
Albany, NY 12207

press@fiscalpolicy.org
www.fiscalpolicy.org

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Statement on the New York City Pied-à-Terre Tax

Negotiated tax between Mayor and Governor raises progressive revenue but falls short of broad-based revenue needs

New York, NY | Fiscal Policy Institute Acting Executive Director Emily Eisner released the following statement on behalf of FPI:

Tonight, Mayor Zohran Mamdani made a significant advancement toward implementing progressive taxation, which is at the heart of his affordability plan for New York City. The tax on pieds-à-terre in New York City negotiated between Mayor Mamdani and Governor Kathy Hochul will raise much-needed revenue from wealthy property owners who do not reside in the city. This is an important step in building a tax code that reflects the city's immense wealth and can fund deep investments in its workforce, housing, and transit infrastructure. Such investments are necessary to address New York City's affordability crisis and preserve its economic dynamism.

Over the past fifteen years, New York City's revenue has not grown at the same pace as its economy and the city's tax code has grown detached from economic circumstances. When revenue does not keep pace with the economy, municipal services erode. This regrettable situation is largely a function of New York City lacking authority to adjust its taxes to reflect growing wealth inequality.

While the pied-à-terre tax will raise significant revenue, it alone is not enough to stem the current budget shortfall, nor will it provide the funding needed to enact the full scope of Mayor Mamdani's affordability agenda. To both cover the gaps and make crucial investments in infrastructure, New York lawmakers will need to look toward broad-based solutions such as the personal income tax and corporate tax.