
Potential Tax Impacts of a Mamdani Mayoral Administration

Summary

- The Mamdani campaign advanced a number of proposals that implicate New York City (“NYC” or the “City”) taxation. Effectuating many of these proposals would require action by New York State (the “State”), including the State Legislature and governor, while some changes can be made at the City level, either through amendments to the New York City statutory code by the City Council or through administrative actions.
- Campaign proposals to impose a City personal income tax surcharge and raise the State corporate tax rate would require State legislation.
- Changes to City corporate tax and UBT rates likewise would require State legislation.
- Potential adjustments to real property tax rates require coordination with the City Council: the fixing of tax rates for each property class does not require coordination with the State, provided the rates stay within certain statutory constraints.
- Changes to NYC real property transfer tax would require modifications of local law by the City Council but are subject to State rate caps; many current brackets are already at the cap.
- City-only “additional base” and “mansion” taxes are State taxes; changes would require Albany action.

Background

New York City Mayor-elect Zohran Mamdani campaigned on a number of proposals for changes to New York City and State tax policy. These proposals include (1) a City personal income tax surcharge on individuals earning \$1 million or more; (2) an increase in the State top corporate tax rate from 7.25% to 11.5% to match neighboring New Jersey and (3) enhanced enforcement including by expanding City audit staff.

Mr. Mamdani has also made a number of policy proposals, such as free universal child care and free City buses, the funding of which would require a significant increase to City revenue because the City is required by State law to have a balanced budget. Accordingly, in addition to the specific proposals made by the campaign, a Mamdani administration seeking to raise revenues may look to change or increase other taxes, such as the City’s real property tax, unincorporated business tax (UBT), and real property transfer tax.

Authority for New York City Taxes

Statutory Authority

Generally, the City derives its powers, including the power to impose taxes, from the State.¹ State legislation often specifies that major changes to City taxes, including tax rate changes, must be effectuated as an amendment to the State statute through the State Legislature and signed by the governor; if the governor vetoes the bill, it can still become law through a two-thirds vote by the State Legislature.

To the extent the terms of a tax are not set by State law, these are generally set forth in the Administrative Code of the City of New York (the “NYC Administrative Code”). Like the president and Congress on a federal level, the City Council can pass legislation to change the NYC Administrative Code, but to become law such legislation must either be signed by the mayor or the City Council must override the mayor’s veto. The mayor can propose changes to the NYC Administrative Code, but cannot make them unilaterally.

However, the mayor often has significant sway to effect changes to both State and City statutes. The degree to which this will be the case for Mr. Mamdani remains to be seen. At the City level, Mr. Mamdani is expected to have support within the City Council to broadly back his agenda. At the State level, Mr. Mamdani, as a sitting member of the New York State Assembly, has experience with the workings of the legislature.

Mr. Mamdani is a member of the Committees on Cities and Real Property Taxation, among others. Mr. Mamdani’s First Deputy Mayor, Dean Fuleihan, served in the same role for Mayor de Blasio and has decades of experience in City and State government. This experience could help Mr. Mamdani obtain cooperation and support for advancing his policies. Enactment of any State legislation would ultimately turn on support from the Legislature’s leadership and Governor Kathy Hochul. Governor Hochul is running for reelection in November 2026. In the New York State Legislature, which is up for reelection in 2026, Democrats hold 41 of the 63 seats in the State Senate, and 102 of the 150 seats in the State Assembly. As a result of the recent election, Democrats will hold 46 of the 51 seats on the City Council. Governor Hochul has reportedly suggested an openness to facilitating State corporate tax rate increases, despite having previously expressed criticism of Mr. Mamdani’s tax policy proposals.

It is also noteworthy that Lina Khan, co-chair of Mr. Mamdani’s transition team, and former chair of the Federal Trade Commission, has stated that she is exploring whether there are other mayoral powers that have not previously been commonly exercised by New York City mayors, saying she wants to be sure “we have a full accounting of all of the laws and authorities that the mayor can unilaterally deploy.” It is unclear whether this approach will be successful and whether such authorities might impact tax policy, but it provides an early signal of how the Mamdani team is thinking about legal constraints on the mayor’s unilateral powers.

¹ NY Const., art IX, § 2.

Administration of Taxes

The impact of a tax can often be shaped by the interpretation and implementation decisions of the regulators that administer the tax. When a City tax is administered by the State Department of Finance and Taxation, the City has little practical ability to control its administration and enforcement. By contrast, when a tax is administered by the City, the mayor, through the New York City Department of Finance (“NYC DOF”), can meaningfully shape outcomes without changing the statute through its control of enforcement, including the interpretation of the application of the law, audits, and tax litigation. Mr. Mamdani has not yet named a Commissioner of NYC DOF. Examples of City taxes administered and collected by the City itself include:

- real property tax;
- real property transfer tax (other than the “additional base” and “mansion” tax);
- New York City’s business corporation tax and general corporation tax; and
- unincorporated business tax.

Examples of City taxes administered and collected by the State include:

- personal income tax; and
- “additional base” and “mansion” real property transfer tax.

Mr. Mamdani vowed during his campaign to increase enforcement, including by increasing the number of auditors employed by the NYC DOF and prioritizing collection. The mayor may appoint and remove the Commissioner of Finance and deputies,² direct enforcement priorities,³ expand hiring of auditors and resource NYC DOF initiatives.⁴ The mayor also appoints the three commissioners of the NYC Tax Appeals Tribunal, the tribunal that resolves disputes between taxpayers and the NYC DOF.⁵

The mayor may also direct the NYC DOF to expand targeted audit programs (industry- or issue-focused). As noted, these actions can implicate enforcement with respect to taxes administered by the NYC DOF, but some City taxes (e.g., NYC resident personal income tax) are administered and collected by the State. Enforcement actions with respect to those taxes remain with the State, and the City therefore lacks jurisdiction over those taxes the State administers.

² N.Y.C. Charter § 6(a), (b).

³ *Id.* § 386.

⁴ *Id.* § 106(b).

⁵ *Id.* § 168.

The Budget

The budget plays an important role in the administration of New York City taxes—it includes all of the City’s proposed revenues and expenditures and, unlike in the Federal context, must be balanced each year under State law, so that planned expenditures must match the amount of revenue the City will raise. As chief executive, the mayor prepares the City’s budget, including an estimate of how much the City will collect in taxes during the fiscal year, which the mayor submits to the City Council for approval and adoption.⁶ If the City Council makes changes to the budget that the mayor does not approve, he can veto any item added by the City Council; the City Council, in turn, can override a veto with a two-thirds vote.⁷

The remainder of this memorandum reviews major City taxes and explains what the mayor, only in combination with the City Council, can advance versus what would require State action.

Individual Income Taxes

The headline tax proposal of Mr. Mamdani’s platform is a 2% surcharge on City residents earning more than \$1 million per year. Because State law both authorizes and sets the NYC personal income tax rates,⁸ any surcharge would require legislation by the State Legislature to amend the applicable rate provision or to create a separate State-authorized “surcharge” or “additional tax” mechanism and would be subject to the governor’s signature or veto (unless overridden) as part of the enabling legislation.⁹ In 2025, the New York State Senate and Assembly advanced budget plans calling for higher personal and corporate taxes at the State level. Governor Hochul has criticized those State proposals as well as Mr. Mamdani’s surcharge proposal, voicing concern over out-migration of high-earners to other states.

Corporate Income Taxes

NYC corporations are subject to corporate income taxes imposed separately by both the City and the State. Mr. Mamdani’s plan calls for increasing the State top corporate tax rate from 7.25% to 11.5% to match neighboring New Jersey’s corporate tax rate. More specifically, New York State’s corporate tax is a franchise tax, of which the main component is a business income base. Any changes to the State corporate franchise tax would require an amendment by the State Legislature. Under current law, the permanent business income base rate is 6.5%, with a temporary 7.25% top rate for corporations with a business income base over

⁶ N.Y.C. Charter § 249(a).

⁷ *Id.* § 255.

⁸ N.Y. Tax Law §§ 1301, 1303, 1304.

⁹ Historically, Article 30 has included State-authorized add-ons for NYC (e.g., a time-limited “tax surcharge” in § 1304-A and an “additional tax” framework in § 1304-B), illustrating the model Albany has used when it wants the City to levy extra personal-income-based amounts. N.Y. Tax Law §§1304-A,1304-B.

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\$5 million, for tax years beginning before January 1, 2027.¹⁰ Corporations are taxable if they are incorporated in New York State or do business, employ capital, own/lease property, maintain an office, or derive receipts from activity in the State.¹¹

In addition to State corporate franchise tax, corporations operating in New York City are subject to the City's business corporation tax,¹² with taxation rates ranging between 4.425% (for certain qualified manufacturing corporations)¹³ to 9% (for financial corporations).¹⁴ These City corporate taxes are enabled by State law, which provides for the terms of the taxation, including tax rates and tax bases, and provides that the City may impose taxes in terms substantially consistent with the State legislation.¹⁵ Accordingly, like the State corporate income tax, any change to the rate or base would require an amendment by the State Legislature.

Unincorporated Business Tax (UBT)

Pursuant to State legislation, New York City imposes an unincorporated business tax on the business income of every unincorporated business that is carried on—wholly or partly—in the City (including by self-employed individuals, partnerships, LLCs treated as partnerships, estates, and trusts).¹⁶ As such, significant changes to the UBT, such as increasing the tax rate, broadening the tax base, or changing credits against the UBT would have to be made by State legislation. The UBT is administered by the NYC DOF, which gives the mayor (through the NYC DOF commissioner) control over regulations, interpretive rules and guidance (including over how businesses allocate income as sourced within or outside the City) as well as enforcement and audits with respect to the UBT.

¹⁰ *Id.* § 210(1)(a).

¹¹ *Id.* § 209(1).

¹² N.Y.C. Admin. Code, tit. 11, ch. 6, subch. 3-A.

¹³ *Id.* § 11-654(1)(k)(1).

¹⁴ *Id.* § 11-654(1)(e)(1)(i). The business corporation tax is only imposed on C corporations; S corporations are instead subject to the City's General Corporation Tax. *Id.* tit. 11, ch. 6, subch. 2. There are four methods for determining the General Corporation Tax; with the tax imposed at whichever method produces the largest amount of tax. The methods are: 8.85% of net income allocated to NYC; 0.15% of business and investment capital allocated to NYC (not to exceed \$1m for tax years beginning in or after 2009); 8.85% of 15% of net income plus the amount of salaries or other compensation paid to any person, including an officer, who owned more than 5% of the S corporation, or a fixed-dollar minimum tax based on the S Corporation's NYC gross receipts.

¹⁵ Section 1, Chapter 772 of the State Laws of 1966. The City codified such terms in Title 11, Chapter 6 of the NYC Administrative Code.

¹⁶ Section 1, Chapter 772 of the State Laws of 1966. The City codified such terms in Title 11, Chapter 5 of the NYC Administrative Code.

Property Taxes

New York City finances a large share of its budget with revenues from real property tax. As part of his agenda, the mayor may seek to shift the property tax burden toward high-value condominiums and co-ops. The current disparity between the taxation of high-end real estate and other real property may in part be attributed to the State-imposed methodology of valuing condominiums and co-ops as if they were rentals, as well as State-mandated caps that prevent the City from raising the assessed value on one- to three-family homes by more than 6% per year and 20% over five years.

The City's administration of real property tax is authorized by the State's Real Property Tax Law (RPTL), which provides for the administration of a general property tax by municipal governments in the State, including New York City.¹⁷ The RPTL expressly provides that its general provisions are subject to variation by special State and local laws applicable to specific municipalities.¹⁸ As such, some aspects of the property tax in New York City are governed by provisions of the New York City Charter and the NYC Administrative Code.

The RPTL establishes the following four classes of property into which the City's total real property levy is divided:¹⁹

Class 1 – Family Homes and Small Condos	Most one- to-three-family homes; certain residential condominiums with three or more stories; some qualifying vacant land
Class 2 – Other Residential	All other residential units, including most rental buildings, co-ops, condominiums
Class 3 – Utilities	Utility real property; special franchise
Class 4 – Commercial and Industrial	All taxable property not in Classes 1 through 3 (primarily commercial/industrial)

The City Council sets the total property tax levy when it approves the annual budget,²⁰ provided that the levy does not exceed the State statutory cap of 2.5% of the five-year average full value of taxable property in the City.²¹ Once established, the total levy is then divided among the four property classes pursuant to a state-mandated formula that determines the proportion of the total levy that each class bears. That formula takes

¹⁷ N.Y. RPTL ch. 50-A.

¹⁸ *Id.* § 2006.

¹⁹ *Id.* § 1802(1).

²⁰ *Id.* § 1803-b(1)(b); N.Y.C. Charter § 1516(a)

²¹ N.Y. RPTL § 1803-a(1). Amounts to provide for payments with respect to certain City indebtedness are excluded from this cap.

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into account both the current relative market value of each class and their relative market values as of 1989, and it limits any annual change in a class's share of the total levy to no more than 5%.²²

To determine the tax imposed on any particular property, the City first determines the property's market value. For Class 1 properties, market value is based on sales of comparable properties. For Class 2 properties, including condominiums and cooperatives, state law requires valuation on an income basis as though the properties were rental buildings; this approach is also generally used for Class 4 properties. Class 3 properties are valued based on the cost of constructing, reproducing, or replacing the improvements, plus land value.

Once the market value of a property is determined, that value is multiplied by an assessment ratio determined by the City. The current assessment ratio for Class 1 properties is 6%; however, because state law limits annual increases in the assessed value of Class 1 properties, the effective ratio ends up being lower for properties with rapidly appreciating fair market values.²³

State statutes also mandate that the City provide for certain real property tax exemptions and abatements. In particular, State law provides for a New York City-specific cooperative and condominium property tax abatement and sets forth eligibility rules.²⁴ The City implements such exemptions and abatements by rulemaking within the confines of the State statute,²⁵ but the mayor may not unilaterally repeal such exemptions or abatements or change the State-provided eligibility rules without State legislative action. As a result of these constraints imposed by State law, many significant changes to the property tax system, including changes to the allocation of the tax levy among property classes, require coordination with the State Legislature, although the City may be able to unilaterally shift taxes within a class by adjusting that class's assessment ratio.

²² Id. § 1803-a(3)–(6). The State has in many years further limited this shift with a statutory amendment imposing a temporary cap below 5%.

²³ Increases in the assessed value of Class 1 property may not exceed 6% per year or 20% over five years. Increases in assessments for Class 2 properties with 10 or fewer residences are also subject to a cap and may not exceed 8% per year or 30% over five years. (Class 2 properties with 11 or greater residences as well as Class 4 properties have no cap on increases to assessed value but any increase must be phased in over five years). There is an ongoing lawsuit by a NYC public interest group, Tax Equity Now NY LLC, asking a court to (among other things) require NYC to use a lower assessment ratio for Class 1 properties, which, it argues, would better capture shifts in market value and redistribute the tax burden from low-growth to high-growth properties within the class. Such an approach has been implemented in Nassau County. *Matter of O'Shea v. Board of Assessors of Nassau County*, 8 N.Y.3d 249 (2007).

²⁴ Id. § 467-a

²⁵ 9 R.C.N.Y. ch. 50.

Real Estate Transfer Taxes

A revenue-raising-focused administration may also want to target high-end real estate transactions by adjusting the New York City real property transfer tax. New York City imposes such transfer tax on deeds and other instruments or transactions that convey real property located in the City, and on certain transfers of an “economic interest” in real property (e.g., transfers of interests in entities that own City real estate).²⁶

Transfers of co-op shares tied to a proprietary lease and many leasehold grants/assignments are covered.²⁷

The City’s authority to impose the real property transfer tax comes from a State statute,²⁸ which also caps the maximum local rates for different property transfer categories.²⁹ For most of these categories, the rate imposed by the City is currently at the maximum permitted by the State law and thus cannot be raised without State legislative action.

Property Type / Sale Value	NYC Current Rate	State Statutory Ceiling ³⁰
Residential ≤ \$500K	1.0% (below cap)	1.425% ³¹
Residential > \$500K	1.425% (at cap)	1.425% ³²
Commercial/Other ≤ \$500K	1.425% (at cap)	1.425% ³³
Commercial/Other > \$500K	2.625% (at cap)	2.625% ³⁴

State legislation imposes additional taxes applicable only to New York City transfers, consisting of (i) an “additional base tax” of 0.25% on residential transfers with taxable consideration of \$3 million or more and on non-residential transfers with taxable consideration of \$2 million or more,³⁵ and (ii) a progressive supplemental tax on NYC residential transfers starting at 0.25% for transfers with taxable consideration of

²⁶ N.Y.C. Admin. Code § 11-2102.

²⁷ *Id.*

²⁸ N.Y. Tax Law § 1201(b).

²⁹ *Id.*

³⁰ *Id.* § 1201(b)(i).

³¹ *Id.* § 1201(b)(i)(4).

³² *Id.* § 1201(b)(i)(5).

³³ *Id.* § 1201(b)(i)(4).

³⁴ *Id.* § 1201(b)(i)(6).

³⁵ N.Y. Tax Law § 1402(a).

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\$2 million or more, rising progressively to 2.9% for transfers of \$25 million or more.³⁶ Changes to these State-mandated taxes would likewise require State legislative action.

Conclusion

In order to deliver on many of his campaign promises, Mayor-elect Mamdani will need the support and the cooperation of the City Council, the State Legislature, and the governor. The City Council and State Legislature have overwhelming Democratic majorities, and Governor Hochul is a Democrat running for reelection in 2026. While Governor Hochul has expressed some public skepticism about raising taxes, it remains to be seen whether she will provide some support to Mr. Mamdani’s tax proposals. According to recent reports, the governor is “considering raising corporate taxes . . . and is also weighing several other potential revenue sources . . . but is not considering raising taxes on the wealthy.” Even without that support, as described above, a number of changes may be effected at the City level. A summary of the current rates and potential changes is annexed below.

Tax	Rate(s) Currently in Effect	Mamdani Proposal	State Cooperation Required for Changes to Tax?
NYC personal income tax	3.078%–3.876%	Proposed 2% surcharge on incomes >\$1M	Yes
State corporate franchise tax	7.25%	Proposed increase of top rate to 11.5%	Yes
NYC business corporation tax	Qualified manufacturing corps: 4.425%–8.85% Small businesses: 6.5%–8.85% Financial corps: 9% All other corps: 8.85%	No specific proposal	Yes
NYC unincorporated business tax	4.0%	No specific proposal	Largely. Changes to credits may be advanced by the City
Real property tax	Class rates set annually by the City Council (four-class system)	No specific proposal	City may determine tax rate for each class within State caps

³⁶ N.Y. Tax Law § 1402-b(a)

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Tax	Rate(s) Currently in Effect	Mamdani Proposal	State Cooperation Required for Changes to Tax?
Real property transfer tax	1%–1.425% (residential) 1.425%–2.625% (commercial)	No specific proposal	Largely, as most categories are at a State-imposed cap
Real property transfer tax add-ons	0.25% additional base; 2.9% supplemental (“mansion”)	No specific proposal	Yes