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POTENTIAL FISCAL IMPLICATIONS OF NEW YORK CITY'S ELECTION

Revenue Trends Have Been Favorable

New York City recently published the Comptroller's monthly "By the Numbers" report that confirmed that **YoY tax revenue collections for FY25 increased by $6.1B (+8.3%) to $80.3B.** Property taxes (43% of total revenue) rose 5.4% YoY, while non-property taxes surged by a combined 10.6%, led by Personal Income Taxes (PIT) and Pass-Through Entity Taxes (PTET) at +17.7% YoY. Revenues outpaced estimates by 4.2%. **FY26 revenue estimates remain conservative at $81.3B, which implies a 1.2% YoY increase**.

The FY26 executive budget is balanced, and while there are outyear budget gaps, the city has a history of planning for outyear budget gaps and has demonstrated strength and resiliency in managing through difficult times. **New York City ended FY24 with reserves of $11.4B**, a healthy 10.1% of expenditures.

Notably, New York City's office market is enjoying a significant rebound. According to CBRE, 23.2 million square feet was leased over the first 9 months of 2025, the largest amount in 19 years. Manhattan's in-office attendance in July was 1.3% higher than in July 2019, in stark contrast to a national rate that remains 22% below 2019 levels (WSJ). New York City's office market still lags 2019 levels with a 14.8% vacancy rate, as compared to 8.2% in 4Q19. However, many of the vacancies are in older, largely obsolete buildings, and there has been intense demand for top-tier buildings.

How Might the City Be Impacted By the Zohran Mamdani Mayoral Election Win?

Mamdani ran for Mayor as a Democratic Socialist with a focus on affordability, rent freezes, city owned grocery stores, and free bus rides. Mamdani has stated that he wants to generate $9B in new revenue by raising taxes on New York City's wealthiest residents and businesses. **Any new taxes must receive approval from the state legislature, and Gov. Kathy Hochul has said she does not want to increase taxes, as doing so could drive residents out of New York.**

Mamdani's Ambitious Proposals Have Raised Budgetary Concerns

A core element of his agenda involves imposing a **2% tax on incomes above $1M**, which is projected to produce $4B of tax revenue. Mamdani has also called for an **increase in the corporate tax rate to 11.5%** to match New Jersey's rate, a proposal that could generate about $5B annually. **His policy blueprint is expected to produce $1B in savings** through an overhaul of city contracts as well as auditing city taxpayers and collecting fines.

Other elements of his plan include **free childcare**, an entitlement that would cost an estimated $6B annually. Gov. Hochul agrees that childcare should be free but does not support raising taxes to pay for it.

Free bus transportation would cost roughly $800M annually and is primarily aimed at benefiting riders and speeding up travel times. The MTA reported that during a trial, ridership increased, while travel times slowed.

A **rent freeze represents another Mamdani priority**. The proposal would pause rent increases for four years on rent stabilized apartments. It should be noted that **the Mayor does not have the ability to unilaterally freeze rents**, as the New York City Rent Guidelines Board, whose members are appointed by the Mayor, sets rates. However, Mamdani could push to elect board members willing to accept a rent freeze. Lastly, **an increase in the minimum wage to $30/hour by 2030** from $16.5/hour has also been pushed by Mamdani's campaign.

Mamdani plans to raise $70B in the municipal market to deliver 200k units of affordable rentals over the next ten years. The city debt limit used to execute capital plans is set by the State Constitution. The limit in 2025 was $136.8B. Therefore, Mamdani cannot materially impact debt levels.

Constraints On Mayoral Authority Are Expected To Limit Fiscal Implications

It is important to note that the New York City government has several branches and layers that introduce checks and balances on legislation and other management decisions that impact the economy. **These governing bodies limit any one branch from having complete control and authority over legislative changes and other decisions**. **Due to New York City's strong governance system, we do not believe there will be immediate material changes to the budget or the economy with Mamdani's win.**

President Trump has threatened to withhold funding from New York City with Mamdani elected. However, Federal courts have consistently blocked attempts to cut funding based on political disagreements.

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Sources: Bank of America, WSJ, Office of the New York City Comptroller, CBRE, JPM

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