NEWS FROM
ULSTER COUNTY
County Executive Jen Metzger

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County Executive Jen Metzger Requests Updates to State Bill Enabling County Fair Taxes Act

KINGSTON, NY - Ulster County Executive Jen Metzger, in partnership with the Ulster County Legislature, has formally requested amendments to the enabling legislation for the Ulster County for Fair Taxes Act, reflecting feedback from residents and the business community since the proposal was first announced in May. An amended Home Rule request will be taken up by the Ulster County Legislature's Ways and Means Committee Thursday evening. The Ulster County for Fair Taxes Act would reduce reliance on property taxes to pay for millions of dollars in new safety net costs passed down to counties by the 2025 federal budget.

The amendments to the proposed Fair Taxes Act would raise the income thresholds at which the local surcharge would apply. The updated proposal increases the thresholds to $250,000 for single filers and $500,000 for joint filers from $200,000 and $400,000, respectively. Based on 2026 tax filer data, about 1% of the population would be expected to pay the surcharge under the amended thresholds.

Under the updated proposal, single filers earning up to $250,000 and joint filers earning up to $500,000 would pay nothing. The surcharge would apply only to the state income tax paid on income above those thresholds — not to total income and not to gross income. The proposed surcharge would increase from 16.75% to 18.75% to minimize the impact on total revenue, which would be reduced by an estimated $750,000 - $1,000,000. The total effective tax rate on taxable income would range from .1% for someone with just over the threshold, to 2% of total income for someone with tens of millions in income, depending on the state rate they pay.

Another amendment to the bill would clarify that the surcharge would not apply to the portion of personal income taxed at the entity level for partnerships and S corporations electing to participate in New York State's pass-through entity tax (PTET). This amendment was made after hearing concerns from the business community about the impact on local business owners who report business income on their personal tax returns rather than paying a separate corporate tax.

The requested amendments have now been submitted to the bill sponsors of the Ulster County for Fair Taxes Act (S.10532/A.11460), Senator Michelle Hinchey and Assembly Member Sarahana Shrestha. The Ways and Means Committee will take up an amended Home Rule Request Thursday evening. If the bill is passed in the 2027 State Legislative session and signed into law, the County would be authorized to consider and pass a local law enacting the Fair Taxes Act.

“These amendments reflect the input we’ve received from residents and local businesses, and would limit the surcharge to the top 1% wealthiest households while addressing the needs of small business owners,” **said Ulster County Executive Jen Metzger.** “The Fair Taxes Act will protect working families, seniors, farms, and local businesses from federal cost shifts driving up property and sales taxes."

The federal budget enacted last year includes more than $4 trillion in tax cuts predominantly benefitting the wealthiest households and corporations, and reduces federal spending on Medicaid and SNAP by over $1 trillion to offset those cuts, in part by shifting costs to states and counties. Next year, alone, Ulster County is expected to see a nearly $8 million increase in SNAP costs and more than $500,000 in Medicaid administrative costs. The Ulster County for Fair Taxes Act would provide an additional revenue option that reduces reliance on property taxes and helps ensure essential services can be funded without placing additional strain on residents, farms, and small businesses.

As amended, the proposed legislation is expected to generate between $9 million and $15 million annually. If the state enabling legislation is passed and signed into law in 2027, the County would have to adopt a local law to enact the legislation. The earliest the surcharge could take effect is January 2028.

In a related effort to reduce property tax costs, County Executive Metzger worked with State Senator Michelle Hinchey on a bill that provides a 10% property tax exemption for year-round Ulster County residents by modestly increasing the tax rate on second homes and short-term rentals. Property tax exemptions do not raise tax revenue but instead affect how property tax costs are distributed. The purpose of the bill is to help with housing affordability for community members amidst increasing pressure from a booming second-home and short-term rental market. The bill passed the State Senate on the last day of session but did not make it to the Assembly agenda in time, and will be taken up again in the 2027 session.

For more information on the Fair Taxes Act, visit https://ulstercountyny.gov/fair-taxes-act.

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