



CITY OF MOUNT VERNON, N.Y.

Mayor Office

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March 19, 2026

Dear Honorable Members,

I write to formally request the council to initial a home rule request authorizing the City of Mount Vernon to implement a **nonresident commuter earnings tax**, with authority given by the New York State Legislature.

Fiscal Context and Need

The City of Mount Vernon is actively exploring strategies to address **ongoing fiscal strain while minimizing further burden on its residents**. Recent budgets and financial planning efforts reflect:

- Structural budget gaps and constrained reserves
- Rising fixed costs, including labor, public safety, and infrastructure maintenance
- Increased reliance on cost-containment and austerity measures
- Ballooning healthcare benefits and unfunded mandates

City leadership has already pursued **austerity-driven actions**, including spending reductions, reduction in operational efficiencies, and service prioritization, in an effort to stabilize finances. While necessary, these approaches alone are not sufficient to ensure long-term fiscal health.

Accordingly, Mount Vernon is seeking to develop **new, sustainable revenue streams that do not disproportionately impact current residents**, particularly those already facing affordability pressures.

Under New York State Tax Law, our neighbors in Yonkers were authorized to impose a **nonresident earnings tax** on individuals who work within the city but reside elsewhere. This tax, set at approximately 0.5%, ensures that commuters who benefit from city infrastructure and services contribute to their cost.

This model has proven effective in:

- Diversifying municipal revenue
- Reducing reliance on property taxes
- Aligning tax burden with service usage

Mount Vernon shares key characteristics with Yonkers, including a substantial **inbound commuter workforce**, with Mount Vernon serving as a southern hub for transportation in the region with three MTA train stations, numerous bus routes and access to the NYC Subway station a few blocks away from the border. These conditions make this model both relevant and transferable.

Additionally, the Governor has called upon cities to find additional ways of creating revenue that bypasses the need for requests from the state related to direct aid to municipalities.

We propose that the Legislature authorize Mount Vernon to adopt a **scaled commuter earnings tax**, structured as follows:

- **Rate:** Up to 0.25%–0.50% on wages earned within Mount Vernon
- **Income Protections:** Exemptions or thresholds for low-income earners
- **Administration:** Collection through the New York State Department of Taxation and Finance

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- **Employer Withholding:** Integrated into existing payroll systems
- **Sunsetting Clauses:** Allowing this home rule to sunset after austerity measures and fiscal constraints have been eased.

This approach is intentionally calibrated to remain competitive while generating meaningful revenue. We also understand that the issue draws some positives and negatives that we highlight below:

1. Revenue Without Resident Burden

A commuter tax shifts part of the fiscal responsibility to nonresidents who utilize Mount Vernon's infrastructure, public safety services, and municipal resources—helping avoid further increases in property taxes.

2. Alignment with Existing Austerity Efforts

Given that the City has already implemented cost-cutting and operational efficiencies, this policy provides a **revenue-side complement** to those efforts rather than requiring deeper cuts.

3. Revenue Stability and Diversification

Unlike property taxes, which are constrained by affordability and political limits, a commuter tax grows with economic activity and employment.

4. Proven Administrative Model

By leveraging the same state-administered system used by Yonkers, Mount Vernon can minimize administrative costs and complexity.

While promising, this policy also warrants careful consideration of potential challenges:

1. Economic Competitiveness

A commuter tax could marginally increase the cost of doing business in Mount Vernon, particularly for employers competing with nearby municipalities that do not impose such a tax.

2. Workforce Sensitivity

Commuters may perceive the tax as an additional burden, particularly in a region where workers already face payroll-based taxes such as the Metropolitan Commuter Transportation Mobility Tax.

Mount Vernon is at a critical juncture. After years of fiscal strain and necessary austerity measures, the City must identify **forward-looking solutions that stabilize finances without further burdening residents**. Similarly, legislation like this helped Yonkers get out of its financial strain during its own fiscal crisis.

Authorizing a **modest, well-structured commuter earnings tax** based on the proven model used in Yonkers represents a pragmatic and equitable step toward that goal.

We respectfully urge the Legislature to grant Mount Vernon the authority to implement this policy and strengthen its long-term fiscal sustainability.

In Service,

Shawyn Patterson-Howard, Mayor

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