

Updated Background Sheet for proposed Local Law D

Sales Tax Cut for Clothing and Footwear

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Goal: To make buying clothing and footwear more affordable, benefitting both shoppers and retailers. Shoppers who have the least amount of money to spend would benefit the most.

Plan: Following the example of NY State and several counties, the proposed law would mean shoppers buying clothing and footwear for less than \$110 per item would not pay Albany County's four percent portion of the sales tax. New York state already provides an exemption on the state portion (four percent) of the clothing/footwear sales tax.

Law Would Not Affect Current Year Budget:

If passed, Local Law D would not take effect until on March 1, 2027 in accordance with state law. It holds the exemption off for a year in order for municipalities to include the change in their next year's budget.

Municipalities Would Not Lose Sales Tax:

According to the 2026 executive county budget, the sales and use tax is expected to bring in \$383.5 million in 2026, \$7.5 million up from 2025. That conservative estimate alone would cover all of the proposed tax cut. However, more revenue is very possible given the state comptroller just issued a report showing sales tax collections in Albany County jumped 4.7% in the 1st quarter of 2026.

More on the Numbers on Savings:

[According to a New York State Association of Counties \(NYSAC\) report](#), Albany County had about \$300 million in taxable clothing and footwear sales from March 2024-February 2025.

Though four percent of \$300 million is \$12 million, not all of the sales would be tax exempt because they exceed \$110. Other counties who have opted-in to the sales tax break indicate about 2.5 percent of the total clothing and footwear sales

results in taxpayer savings. In Albany County, that amounts to \$7.5 million savings in one year.

Competitive Edge for Albany County:

[Ten counties and New York City](#) have eliminated their local share of the sales tax. Worth noting, neighboring counties Schenectady, Saratoga and Rensselaer have not joined in which would leave Albany County merchants with a competitive edge.

Why the Tax Break is Affordable: The County budget is \$902 million. The sales tax break would be less than one percent of the budget. And the projected surplus (fund balance) is projected to be \$117 million at the end of this year.

There are a number of revenue streams coming into the county:

Hotel Tax Jump

Budget estimates indicate \$2.6 million more in hotel tax will be collected in 2026 after the hotel tax was raised last year.

More Cannabis Tax

About \$450-thousand more is expected with the Cannabis tax.

Big Casino Revenue

The county is expected to collect \$2.85 million from the Schenectady casino because Albany is a neighboring county.

Opioid and Tobacco Settlements

Opioid settlement money will increase \$1.5 million to \$2 million in 2026. Tobacco settlement money from lawsuits settled years ago is estimated to contribute \$3.5 million to the 2026 county budget.

What Is Covered?

[The NYS Department of Taxation and Finance lists what is and is not exempt.](#)

For a lengthy description on what is covered follow the link above.

Public Hearing:

A public hearing is expected Tuesday, May 26, 2026.