



## Legislation Text

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**File #:** Res 1233-2020, **Version:** \*

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### Res. No. 1233

Resolution calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation amending Section 1402 of the New York State Tax Law to raise the minimum threshold for imposition of the “Mansion Tax” from \$1,000,000 to \$2,000,000 in New York City and increasing the tax due on transfers exceeding \$2,000,000.

By Council Members Brannan, Yeger, Holden, Gjonaj, Grodenchik, Borelli, Ulrich and Kallos

Whereas, Section 1402-a of the New York State Tax Law, passed in 1989 and commonly referred to as the “Mansion Tax,” levies a one percent tax on residential properties in New York State that sell for \$1,000,000 or more; and

Whereas, Section 1402-b of the New York State Tax Law, passed in 2019, increased the Mansion Tax on transfers of residential real property in New York City with a consideration of \$2,000,000 or more by creating seven additional tax brackets with higher tax rates, and dedicated such additional revenue therefrom to the Metropolitan Transportation Authority (MTA); and

Whereas, While adding additional tax brackets for transfers of more expensive residential real property is progressive, common-sense tax policy and creating new revenue for the MTA is an important policy goal, such legislation left in place the 30-year-old, \$1,000,000 threshold for imposition of the Mansion Tax; and

Whereas, According to the Bureau of Labor Statistic's Consumer Price Index Inflation Calculator, the purchasing power of \$1,000,000 in 1989 is different from the purchasing power of \$1,000,000 in 2019 and vice versa; and

Whereas, \$1,000,000 in 1989 is equivalent to \$2,078,546.66 in 2019, and conversely \$1,000,000 in 2019, adjusted for inflation, is equivalent to \$481,105.39 in 1989; and

Whereas, According to the REBNY Residential Sales Report, the average sales price of a residence in

New York City during the third quarter of 2018 was \$1,026,000; and

Whereas, The original law was intended to impose an additional tax on purchasers of luxury properties, however it currently is a burden on the purchaser of the average residence in New York City; and

Whereas, A \$1,000,000 property in today's market in New York City is no longer a luxury property; and

Whereas, By keeping the imposition of the tax at the \$1,000,000 threshold, prospective buyers of the average New York City residence are being forced to pay a tax that was intended to be paid only by purchasers of luxury, high-end homes; and

Whereas, Increasing the threshold to \$2,000,000 would reflect the economic changes of the past thirty years, more accurately reflect the current New York City real estate market, and align the law with its original intention; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation amending Section 1402 of the New York State Tax Law to raise the minimum threshold for imposition of the "Mansion Tax" from \$1,000,000 to \$2,000,000.

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