

STATE OF NEW YORK

10812

IN ASSEMBLY

April 1, 2026

Introduced by M. of A. BLUMENCRANZ -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to redefining the applicability of the additional real estate transfer tax commonly known as the "mansion tax", providing protections for middle-class and first-time homebuyers, and indexing thresholds for inflation

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "middle-class homebuyer protection act".

3 § 2. Legislative intent. The legislature hereby finds and declares
4 that the additional real estate transfer tax imposed pursuant to section
5 1402-a of the tax law, commonly referred to as the "mansion tax", was
6 enacted in 1989 to target luxury real estate transactions, but has not
7 been adjusted for inflation or evolving housing market conditions.

8 The legislature further finds that, particularly in high-cost regions
9 such as Long Island and other suburban areas, modest middle-class homes
10 are routinely subject to this tax solely due to price inflation, despite
11 lacking any characteristics commonly associated with luxury or mansion-
12 style residences. It is therefore the intent of the legislature to
13 protect middle-class and first-time homebuyers, promote fairness and
14 transparency in taxation, and ensure that taxes intended to apply to
15 luxury properties are imposed only upon properties that objectively meet
16 that standard.

17 § 3. Section 1402-a of the tax law, as added by chapter 61 of the laws
18 of 1989, subdivision (b) as amended by section 2 of part 000 of chapter
19 59 of the laws of 2019, is amended to read as follows:

20 § 1402-a. Additional tax. (a) In addition to the tax imposed by
21 section fourteen hundred two of this article, a tax is hereby imposed on
22 each conveyance of residential real property or interest therein when
23 the consideration for the entire conveyance is [~~one~~] four million five
24 hundred thousand dollars or more. [~~For purposes of this section, resi-~~
25 ~~dential real property shall include any premises that is or may be used~~
26 ~~in whole or in part as a personal residence, and shall include a one,~~

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 ~~two, or three family house, an individual condominium unit, or a cooper-~~
2 ~~ative apartment unit. The rate of such tax shall be one percent of the~~
3 ~~consideration or part thereof attributable to the residential real prop-~~
4 ~~erty.]~~ Such tax shall be paid at the same time and in the same manner as
5 the tax imposed by section fourteen hundred two of this article.

6 (a-1) For purposes of this section, the additional tax imposed pursu-
7 ant to this section shall apply only to conveyances of residential real
8 property that meet both of the following criteria:

9 1. The consideration for the conveyance exceeds four million five
10 hundred thousand dollars; and

11 2. The residential structure contains five thousand square feet or
12 more of livable interior space, as reflected in the most recent assess-
13 ment records or other documentation acceptable to the commissioner.

14 (b) Notwithstanding the provisions of subdivision (a) of section four-
15 teen hundred four of this article, the additional tax imposed by this
16 section shall be paid by the grantee. If the grantee has failed to pay
17 the tax imposed by this article at the time required by section fourteen
18 hundred ten of this article or if the grantee is exempt from such tax,
19 the grantor shall have the duty to pay the tax. Where the grantor has
20 the duty to pay the tax because the grantee has failed to pay, such tax
21 shall be the joint and several liability of the grantor and the grantee.

22 (c) Except as otherwise provided in this section, all the provisions
23 of this article relating to or applicable to the administration,
24 collection, determination and distribution of the tax imposed by section
25 fourteen hundred two of this article shall apply to the tax imposed
26 under the authority of this section with such modifications as may be
27 necessary to adapt such language to the tax so authorized. Such
28 provisions shall apply with the same force and effect as if those
29 provisions had been set forth in this section except to the extent that
30 any provision is either inconsistent with a provision of this section or
31 not relevant to the tax authorized by this section.

32 (d) Beginning on January first of the calendar year following the
33 effective date of this subdivision, and annually thereafter, the dollar
34 threshold set forth in paragraph one of subdivision (a-1) of this
35 section shall be adjusted by the commissioner in accordance with the
36 consumer price index for all urban consumers (CPI-U), or any successor
37 index, as published by the United States department of labor. Such
38 adjusted threshold shall be rounded to the nearest ten thousand dollars
39 and shall be published no later than December first of each year.

40 (e) Notwithstanding any other provision of law, the additional tax
41 imposed pursuant to this section shall not apply to a conveyance of
42 residential real property to a first-time homebuyer, provided that such
43 property shall be occupied as the purchaser's primary residence. For
44 purposes of this subdivision, a "first-time homebuyer" shall mean an
45 individual who has not held an ownership interest in a residential
46 dwelling within the three-year period preceding such conveyance.

47 (f) The additional tax imposed pursuant to this section shall not
48 apply to owner-occupied primary residences unless the conveyance meets
49 the definition of residential property as set forth in subdivision (a-1)
50 of this section.

51 § 4. Severability clause. If any clause, sentence, paragraph, subdivi-
52 sion, section or part of this act shall be adjudged by any court of
53 competent jurisdiction to be invalid, such judgment shall not affect,
54 impair, or invalidate the remainder thereof, but shall be confined in
55 its operation to the clause, sentence, paragraph, subdivision, section
56 or part thereof directly involved in the controversy in which such judg-

1 ment shall have been rendered. It is hereby declared to be the intent of
2 the legislature that this act would have been enacted even if such
3 invalid provisions had not been included herein.
4 § 5. This act shall take effect immediately.