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:

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

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

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

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

§ 1402-a. Additional tax. (a) In addition to the tax imposed by section fourteen hundred two of this article, a tax is hereby imposed on each conveyance of residential real property or interest therein when the consideration for the entire conveyance is [~~one~~] **four** million **five hundred thousand** dollars or more. [~~For purposes of this section, residential real property shall include any premises that is or may be used 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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~~two, or three-family house, an individual condominium unit, or a cooperative apartment unit. The rate of such tax shall be one percent of the consideration or part thereof attributable to the residential real property.~~] Such tax shall be paid at the same time and in the same manner as the tax imposed by section fourteen hundred two of this article.

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

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

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

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

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

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

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

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

§ 4. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 5. This act shall take effect immediately.