



NEW YORK CITY'S PROPOSED PIED-À-TERRE TAX The Ins and Outs

In 2014, Senator Brad Hoyleman, (D, WF) 27th Senate District, introduced a bill to the

“SUPPORT RENEWS TO PASS THE NEW YORK CITY PIED-À-TERRE TAX AMID KEN GRIFFIN'S \$238 MILLION DOLLAR CONDO PURCHASE”

Senate to amend the state's property tax law. This Proposed tax law allows New York City to impose an additional tax on any pied-à-terre that is a nonprimary or second residences that has a market value greater than \$5 million dollars. This [bill](#) has stalled for the last five years but has recently regained interest because of hedge fund

Manager Ken Griffin's purchase of a \$238 million dollar residence on Central Park South. If the bill had been passed at the time of Mr. Griffin's purchase, he would owe a yearly additional tax in the amount of \$8,890,000. As the table below demonstrates, Mr. Griffin would pay \$370,000 plus 4% tax on \$213 million dollars. As such, because of this lost tax and recent large nonprimary or second residences purchases, renewed interest to pass this tax have spiked in the City. In late February 2019, Council Members Mark Levine and Margaret Chin announced that they plan on introducing a resolution in support of the pied-à-terre tax which is modelled after Senator Hoyleman's bill.



ABOUT JOHN N. POULOS

John N. Poulos is a real estate lawyer licensed in New Jersey and New York. He is honored to represent lending institutions, buyers, and sellers in residential and commercial real estate transactions in both New Jersey and New York. He has been selected as a Super Lawyer for 2019 and a “rising star” in 2009 and 2010.

The bill provides for a graduated additional tax (***See table below for proposed tax rates**) on “all other residential real property held in condominium or cooperative form of ownership, that has a market value of five million dollars or higher and is not the primary residence of the owner or owners of such property, or the primary residence of the parent or child of such owner or owners.”

To be exempt from the pied-à-terre or additional tax, the residential property must be deemed a primary residence eligible to receive a real property exemption under the STAR program. Additionally, if the bill is adopted, any city within New York with a population of one million or more residents could be charged the pied-à-terre

or additional tax if the city’s local government adopts and amends their respective local laws.

Under the bill, if a residence ceases to be used as a primary residence, it is incumbent upon the owner of the residence to notify the Commissioner of Finance of this information. Failure to do so could lead to a civil penalty of \$10,000 as well as back payment of the additional tax based on the market value of the residence.

| <u>PROPOSED PIED-À-TERRE TAX RATES</u> | |
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| <i>If Market Value of Property Is:</i> | <i>The Tax Is:</i> |
| OVER \$5,000,000 BUT NOT OVER \$6,000,000 | \$0 PLUS .5% OF EXCESS OVER \$5,000,000 |
| OVER \$6,000,000 BUT NOT OVER \$10,000,000 | \$5,000 PLUS 1% OF EXCESS OVER \$6,000,000 |
| OVER \$10,000,000 BUT NOT OVER \$15,000,000 | \$45,000 PLUS 1.5% OF EXCESS OVER \$10,000,000 |
| OVER \$15,000,000 BUT NOT OVER \$20,000,000 | \$120,000 PLUS 2% OF EXCESS OVER \$15,000,000 |
| OVER \$20,000,000 BUT NOT OVER \$25,000,000 | \$220,000 PLUS 3% OF EXCESS OVER \$20,000,000 |
| OVER \$25,000,000 | \$370,000 PLUS 4% OF EXCESS OVER \$25,000,000 |

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