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LOCAL MARKET

New York's "Mansion Tax" Isn't Just for Mansions Anymore: The $1 Million Line on Long Island

Coltrain Mortgage Team · November 9, 2026 · 7 min read

"Wait, we owe a mansion tax? This is a four-bedroom colonial on a quarter acre, not a mansion." We hear some version of that almost every time a Long Island sale lands within shouting distance of $1,000,000. New York's real estate transfer tax everyone calls the "mansion tax" doesn't actually care what the house looks like. It cares about one number on the contract, and the instant that number hits $1 million, a 1% bill shows up at closing. After more than 20 years helping people buy and sell all over Nassau and Suffolk, we're seeing that number get crossed more and more by perfectly ordinary homes, and there's a bill sitting in Albany right now that's trying to do something about it.

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Flat 1% Statewide	**Kicks In at Exactly $1,000,000**	**The Buyer Pays It**	**A Bill in Albany Wants to Change It**

What New York's Mansion Tax Actually Is

Under New York Tax Law Section 1402-a, any sale of a one-, two-, or three-family home, a condo, or a co-op for $1,000,000 or more owes an extra 1% transfer tax, on top of the regular state transfer tax. It's officially called the "additional tax" and almost everyone else calls it the mansion tax, a name it picked up when it was created back in 1989 to target genuinely high-end sales. The buyer pays it, not the seller, and it's calculated on the full purchase price, not just the part over $1 million.

One thing worth clearing up: New York City layers its *own* extra brackets on top of this base tax for city sales, rates that climb in steps as the price rises. That graduated schedule is a New York City-only add-on. Outside the five boroughs, including everywhere on Long Island, the state's mansion tax is simply 1%, flat, with no higher brackets, according to the New York State Department of Taxation and Finance's own guidance on the additional tax.

Why $1,000,000 Is a Cliff, Not a Slope

Because the tax applies to the entire price once you cross the line, and not just the amount above it, there's no gentle phase-in. A contract at $999,999 owes nothing extra. The same house at $1,000,000 owes a full $10,000. Ten thousand dollars of tax can turn on over one single dollar of price.

$999,999
NO MANSION TAX OWED

One dollar under the line, the 1% additional tax simply doesn't apply.

$1,000,000
$10,000 MANSION TAX OWED

1% of the full price, the instant the contract price reaches seven figures.

$10,000

the mansion tax a buyer owes on a $1,000,000 Long Island purchase, on top of the mortgage recording tax, title costs, and every other normal closing cost

Why Ordinary Long Island Sellers Are Getting Caught, Not Just Mansion Owners

The $1,000,000 figure hasn't moved since 1989. Long Island prices have. Nassau County's median single-family sale price hit $911,000 in August 2026, and Suffolk's reached $760,000, according to our own look at OneKey MLS data in our **recent report on Long Island home prices**. Those are county-wide medians, which means plenty of individual sales, especially a standard colonial or cape on the North Shore or other higher-priced pockets of **Nassau County**, are already sitting right on top of $1 million without anything resembling a mansion about them.

This isn't unique to Nassau. Buyers heading further east run into a second, separate tax on the same transaction. Our guide to the **Peconic Bay transfer tax on the East End** covers how that one stacks on top of the mansion tax once a sale clears $1 million out there too.

The Bill in Albany Trying to Fix This

Assemblymember Jake Blumencranz, who represents part of Nassau County, introduced Assembly Bill A10812 on April 1, 2026. Its short title is the "middle-class homebuyer protection act," and its own legislative findings call out Long Island by name, arguing that a $1 million price point now looks like a modest, ordinary home in high-cost suburban areas rather than the luxury property the tax was built for back in 1989.

Here's what the bill would actually do, based on its text and sponsor's memo:

> Raise the threshold, but only for genuinely large homes. The tax's trigger would move from $1,000,000 to $4,500,000, and only for a residential structure with 5,000 square feet or more of livable interior space.

Exempt first-time homebuyers purchasing a primary residence outright.

Exempt owner-occupied primary residences generally, unless the home also meets that new size-and-price "luxury" criteria.

Index the threshold to inflation going forward, tying future adjustments to the Consumer Price Index (CPI-U) so the line doesn't freeze in place for another 37 years.

As of this writing, A10812 is pending, not law. It was referred to the Assembly Ways and Means Committee and was held there for further consideration as of June 2026. It still needs to clear committee, pass both the Assembly and Senate, and be signed by the Governor before any of this takes effect, and the details could change along the way. We'll update this if that happens, but don't plan a sale or purchase around a bill that hasn't become law yet.

> Worth noting: as written, the bill would effectively untax the exact situation driving this article, an ordinary, owner-occupied Long Island home that happens to cross $1 million, while still taxing an actual 5,000-square-foot, multimillion-dollar property. That's a fairly direct answer to the "this isn't a mansion" complaint we hear so often.

The Math a Seller or Buyer Near the Line Should Run

Under current law, pricing a home at $995,000 instead of $1,005,000 isn't just a $10,000 difference in sale price, it's the difference between a buyer owing $0 and a buyer owing $10,000 in mansion tax. Buyers doing that math often come back asking for a price concession sized to cover it, which means the tax can end up shaping the negotiation even though the seller never writes a check for it.

1. **Know your number before you price or offer**
   If your expected sale price is anywhere near $1 million, run the mansion tax math before you set a list price or write an offer, not after.

2. **Build it into cash-to-close, not the mortgage**
   The mansion tax is paid in cash at closing by the buyer, alongside the down payment and other closing costs. It isn't something a loan rolls in automatically.

3. **Talk to your agent about a cliff-aware price**
   A price just under $1 million versus just over it can change a buyer's total cash needed by five figures, which is exactly the kind of detail worth a conversation before you sign anything.

4. **Get your full closing-cost picture from us early**
   We'll lay out the mansion tax alongside your mortgage recording tax, title costs, and down payment on one page, so there are no surprises at the closing table. See how our **purchase process** works.

One honest caveat: the mansion tax is just one line on the closing statement. It's entirely separate from the mortgage recording tax every New York buyer pays and, on the East End, the Peconic Bay transfer tax covered in the guide linked above. Don't assume clearing the mansion tax math means you've found every cost that scales with price.

Buying or selling near the $1 million line? Let's map out your real cash to close.

COMMON QUESTIONS

What is New York's mansion tax?

It's an additional 1% real estate transfer tax, under New York Tax Law Section 1402-a, on sales of a one-, two-, or three-family home, condo, or co-op for $1,000,000 or more. It's paid by the buyer, on top of the state's regular transfer tax.

How much is the mansion tax in New York?

Outside New York City, it's a flat 1% of the full purchase price once the price reaches $1,000,000, with no graduated brackets. New York City layers its own additional, higher brackets on top of that base 1% for city sales, a separate, city-only system that doesn't apply on Long Island.

Who pays the mansion tax, the buyer or the seller?

The buyer. If the buyer doesn't pay it, the seller can become responsible for it, but the tax is structured as a buyer obligation.

Does the mansion tax apply outside New York City, like on Long Island?

Yes. The $1,000,000 threshold and the base 1% tax apply statewide, including Nassau and Suffolk Counties. It's New York City's extra, higher brackets that are city-specific, not the underlying tax itself.

Is there a bill to raise the $1 million mansion tax threshold?

Yes. Assembly Bill A10812, introduced April 1, 2026 and still in the Assembly Ways and Means Committee, would raise the threshold to $4.5 million for homes of 5,000 square feet or more, exempt first-time buyers and most owner-occupied primary residences, and index future thresholds to inflation. It is a pending bill, not current law.

Can pricing a home just under $1 million avoid the tax?

A contract price under $1,000,000 doesn't trigger the tax, which is exactly why it's worth running the numbers with your agent before you price a listing or write an offer near that line. Just know a buyer may still ask for a credit if the appraised value or later negotiation pushes the deal across it.

Tax rates, thresholds, and the status of pending legislation described here are based on the sources below as of October 2026 and are subject to change without notice. Assembly Bill A10812 is a pending bill, not enacted law, and its provisions could change or stall before any vote. This article is general information, not tax or legal advice; confirm your own figures with your real estate attorney, accountant, and title company. All loans are subject to credit approval, underwriting, and property eligibility. This article is not a commitment to lend. Coltrain Mortgage is a mortgage broker; all loans are arranged through third-party lenders. Equal Housing Opportunity.

SOURCES

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