



RESEARCH REPORT

Exploring the Viability of Mansion Tax Approaches

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Contents

Acknowledgments	iv
Exploring the Viability of Mansion Tax Approaches	1
Mansion Taxes in the United States	2
Data and Methods	3
Results	4
Property Tax Analysis	4
Transfer Tax Analysis	7
Discussion	8
Choosing the Right Threshold	9
Determining Which Property Types to Include	9
Assessing Property Values at Market Rates	9
Potential Impact on the Real Estate Market	10
Conclusion	11
Appendix	12
Property Tax Analysis	12
Transfer Tax Analysis	17
Notes	21
References	22
About the Authors	23
Statement of Independence	24

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Exploring the Viability of Mansion Tax Approaches

With the recent passage of the Tax Cuts and Jobs Act and growing fiscal pressure on state and local governments, exploring revenue ideas through the tax code is timely. Many jurisdictions face budget crises and are searching for new ways to fund social programs. Several states have considered tapping high-priced residential real estate as a source of revenue. One method is a mansion tax—in other words, real estate transfer taxes and property tax surcharges on the most expensive homes in a state. So far, few states have used a mansion tax, but it is a potential new source of revenue and an avenue worthy of further exploration. In New York City, for example, Mayor Bill de Blasio has proposed an additional tax on luxury homes to support affordable housing efforts. The measure would build on New York State's existing real estate transfer tax on residential properties sold for at least \$1 million.

We conducted an exploratory analysis that estimates the potential revenue generated from two types of taxes on high-value residential properties: a real estate transfer tax and a property tax surcharge. A real estate transfer tax falls on the sales price at the point of transaction, while a property tax falls on the assessed property value. In the US, only two states, New York and New Jersey, currently enforce transfer taxes on luxury home sales. So far, no states have levied a property tax surcharge. In this report, we use the term “mansion tax” to encompass both transfer taxes and property tax surcharges on high-priced, luxury homes. We estimate the tax revenue that could be generated in California, Colorado, the District of Columbia, Maine, Massachusetts, Michigan, Nevada, New York, and Washington. The transfer tax analysis was conducted for 2015 and 2016 real property sales transactions, while the property tax analysis was conducted on the most recent listed assessment values and adjusted to market values where applicable. Our analysis compares the revenue generated at different value thresholds for the tax surcharge. The amount of revenue generated and the feasibility of imposing these taxes will depend on the tax laws and revenue limits or restrictions in each state. Many of the examined states have limits in place; California and Colorado have some of the strictest.

Our analyses show that the stock of high-priced luxury homes varies widely across states. In both the property tax analysis and the transfer tax analysis, California is expected to generate the largest total tax revenue. However, Colorado had the highest property tax revenue per capita. State policymakers must consider their individual housing markets when setting thresholds for a mansion tax, to ensure that the revenue generated meets expectations. They also need to consider how this policy tool would interact with existing state tax limits and the Tax Cuts and Jobs Act, which limits the

deductibility of state and local taxes but provides certain tax advantages to wealthier taxpayers. Additional taxes, coming just after the new tax law, raise concerns of higher-income taxpayers moving to states with lower tax rates. However, the evidence on tax migration is weak. A recent study, which examined 45 million tax records for Americans earning \$1 million or more, found that millionaires are not very mobile and that tax flight only occurs “at the margins of statistical and socioeconomic significance” (Young et al. 2016).

Mansion Taxes in the United States

No state has implemented a property tax surcharge, and some states do not permit different taxes for different property types. Currently, 35 states¹ and the District of Columbia impose transfer taxes on residential real estate transactions, and some taxes vary by assessed value. But only New York and New Jersey have mansion taxes. New York State implemented the first mansion tax in 1989, in response to an economic recession.² The state levies an additional 1 percent tax rate on residential transactions of \$1 million or more. This tax is paid by the buyer and is not tax-deductible.

In 2015, New York City Mayor Bill de Blasio proposed two additions to the state mansion tax, for properties in New York City only:

1. A 1 percent mansion tax on property sales over \$1.75 million
2. An additional 1.5 percent marginal tax for property sales over \$5 million

This proposal would raise the city’s 1 percent tax threshold from \$1 million to \$1.75 million to reflect housing price increases, while generating additional revenue from the 1.5 percent marginal tax. The plan was projected to raise \$180 to \$200 million for investments in affordable housing, but was never passed. In 2017, de Blasio announced a new plan to place a 2.5 percent property transfer tax on residential sales above \$2 million to fund affordable housing for 25,000 senior citizens.³

In 2004, New Jersey introduced a 1 percent mansion tax on properties sold at over \$1 million. Unlike New York’s mansion tax, which only applies to residential properties, New Jersey’s mansion tax applies to commercial properties as well.

In 2015, Rhode Island considered a mansion tax on second homes—the so-called Taylor Swift tax—but eventually dropped it. This statewide property tax was designed to help close the state’s \$190 million budget deficit, but it faced strong opposition, especially from the Rhode Island Association of

Realtors, who argued that the tax would discourage potential buyers from purchasing vacation homes in the state.⁴

This paper does not deal with the political arguments for and against mansion taxes. Instead, we focus on how, and how much, revenue these taxes could generate in various states. Below, we describe the data and methods used to estimate the revenue that could be generated from a transfer tax or property tax surcharge in selected states.

Data and Methods

We used data from state property records to estimate the total value of luxury residential properties. Our analysis was restricted to single-family residential properties, including condos but excluding co-ops and luxury rentals. For each state analyzed, we conducted a property tax surcharge analysis on the most recent listed assessment value price. Where assessment value was regulated to be a percentage of the market value, we adjusted assessment values to reflect market values. In all other cases, we left the assessment value as is—including California, where the assessment value cannot increase by more than 2 percent from year to year until the property is sold. We conducted a transfer tax analysis on the sales prices of transactions completed in 2015 and 2016.

Each tax analysis used two sets of luxury home threshold definitions. For the property tax surcharge analysis, we used the market values (described above), and for the first part of the property tax analysis (Case 1), we determined the number of residential properties in the top 1 and top 2 percent of assessed values. We then calculated the combined revenue generated from a 1 percent tax on properties in the top 2 percent of market values, and a 2 percent tax on properties in the top 1 percent of market values. For the second part of the property tax analysis (Case 2), we selected the total number of properties assessed at or above \$2 million and \$5 million. Using market values, we calculated the combined revenue generated from a 1 percent tax on properties over \$2 million and a 2 percent tax on properties over \$5 million. For each state, we compared results for the two cases, as shown in tables 1 and 2. For the transfer tax analysis, we applied the same procedure but used a subsample of sales transactions completed in 2015 or 2016.

Results

The property tax analysis was completed for New York, Maine, Massachusetts, California, Michigan, Colorado, and the District of Columbia. We did not conduct a property tax analysis on Washington State because its constitution requires all property to be treated as a single class and thus taxed at the same rate. We included Colorado, even though its constitution bans a statewide property tax, because the state's constitution can be amended by ballot measure; Washington's constitution can only be amended by statute. The transfer tax analysis was completed for Massachusetts, California, Michigan, Washington, Colorado, and the District of Columbia. Maine was excluded from the transfer tax analysis because it is a nondisclosure state, meaning sales prices are not reported in public records data. New York was also excluded from the transfer tax analysis.

The differences in revenue across states can be explained by differences in the size and composition of the states' housing markets. Eligibility for the proposed property tax surcharge and transfer tax differed greatly across states. As expected, the cutoff point for the top 1 percent and top 2 percent of properties varied across states. The number of homes above the 1 percent, 2 percent, \$2 million, and \$5 million thresholds was also different in each state. Below is a discussion of the potential revenue generated in each state and the unique conditions in each state's housing market.

Property Tax Analysis

Table 1 shows that potential revenue generated by a property tax surcharge differs substantially across states. California—home to high-growth cities San Francisco, San Jose, and Los Angeles—generates the most revenue from implementing a property tax surcharge, followed by New York. Though California stands to gain twice as much revenue as New York, California's population is also nearly twice as large as New York's.⁵ Maine, Nevada, and the District of Columbia have the lowest expected revenues. DC is much smaller than Maine and Nevada but has significantly higher per capita revenue.

Table 1 also shows that potential revenue differs by the two luxury home threshold definitions. In all states, Case 1 (tax on top 1 percent and 2 percent of homes) generates more revenue than Case 2 (tax on homes sold for at least \$2 million and at least \$5 million). The difference between Case 1 and Case 2 revenues is greater in states with lower average home values, such as Michigan and Maine. This suggests that states and localities should consider their unique housing market conditions, including average home prices, to set appropriate thresholds for the property tax surcharge.

TABLE 1

Revenues from Property Tax Surcharge

States	Total revenue	Per capita revenue
Case 1		
California	\$7,629,032,934.88	\$194.37
Colorado	\$1,656,573,599.00	\$298.99
District of Columbia	\$131,130,264.22	\$192.51
Maine	\$197,023,803.00	\$147.97
Massachusetts	\$1,421,295,224.00	\$208.65
Michigan	\$975,660,460.12	\$98.27
Nevada	\$387,536,092.43	\$131.81
New York	\$3,579,551,888.00	\$181.29
Case 2		
California	\$4,251,959,427.44	\$108.33
Colorado	\$1,023,241,200.13	\$184.68
District of Columbia	\$74,336,262.16	\$109.13
Maine	\$29,405,308.00	\$22.08
Massachusetts	\$618,578,734.00	\$90.81
Michigan	\$69,672,010.28	\$7.02
Nevada	\$84,483,865.72	\$28.74
New York	\$1,623,557,469.00	\$82.23

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

Table 2 presents detailed revenue calculations for California and Colorado. (Calculations for all analyzed states can be found in the appendix.) To impose a mansion tax, both states would have to pass legislation to change existing revenue limits.

TABLE 2

Revenues from Mansion Property Tax Surcharges

	California	Colorado
Total residential properties	8,284,512	1,683,139
Total value	\$3,127,563,928,268	\$537,154,597,839
Case 1		
Top 1% threshold	\$2,086,019	\$2,023,744
Top 2% threshold	\$1,531,395	\$1,187,198
Total homes in top 1%	82,846	16,835
Total homes in top 2%	165,691	33,664
Total market value of homes in top 1%	\$308,451,727,216	\$70,219,070,264
Total market value of homes in top 2%	\$454,451,566,272	\$95,438,289,636
Property tax revenue	\$7,629,032,935	\$1,656,573,599
Population (2016)	39,250,017	5,540,545
Property tax revenue per capita	\$194.37	\$298.99
Case 2		
Total homes ≥\$5 million	11,597	3,820
Total homes ≥\$2 million	90,601	17,142
Total market value of homes ≥\$5 million	\$100,903,637,989	\$31,487,463,543
Total market value of homes ≥\$2 million	\$324,292,304,755	\$70,836,656,470
Property tax revenue	\$4,251,959,427	\$1,023,241,200
Population (2016)	39,250,017	5,540,545
Property tax revenue per capita	\$108.33	\$184.68

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

In California, the threshold for the top 1 percent of homes was \$2.1 million, and the threshold for the top 2 percent of homes was \$1.5 million. Because of the state's size and home price appreciation, California has the most eligible properties of all the states we studied: 82,846 homes in the top 1 percent and 165,691 homes in the top 2 percent. But only 11,597 homes sold for at least \$5 million, and 90,601 homes for at least \$2 million. This explains the difference in revenues generated by the two tax cases.

In Colorado, Aspen and Denver, which have many high-priced homes, drive up the eligibility threshold for the property tax surcharge. The threshold for the top 1 percent of homes was \$2.0 million, and the threshold for the top 2 percent was \$1.2 million, with 16,835 and 33,664 eligible properties respectively.

In Case 1 and Case 2, Colorado's per capita property tax revenue is significantly higher than California's. Colorado is also expected to generate the most per capita revenue among the eight states in table 1.

The results reflect state regulations in California and Colorado. California Proposition 13 mandates that the assessment value of a given property cannot increase by more than 2 percent from year to year,

until the property is sold. Thus, we could not adjust California’s assessed values to reflect market values. Under Proposition 13, parts of California that have experienced rapid growth, such as the Bay Area, have assessed values well below market value. Colorado’s Taxpayer’s Bill of Rights has had a significant influence on the state economy (McGuire and Rueben 2006). This provision restricts overall revenue growth and would need to be amended for the state to generate more tax revenue; under current law, the state would need to either lower other taxes or remit funds back to taxpayers.

Transfer Tax Analysis

Table 3 shows that transfer tax revenues differ significantly across states. California would generate the most revenue from a mansion transfer tax. In several states, the difference in revenues between Case 1 and Case 2 is smaller than the difference shown in table 1, indicating that assessment values are lower than transaction values. This is because the assessment value of properties where owners have a long tenure may not be entirely up to date. In each state studied, the total sales counts and tax eligibility thresholds were similar for 2015 and 2016.

TABLE 3
Revenues from Mansion Transfer Tax

	California	Colorado	DC	Michigan	Massachusetts	Nevada	Washington
Case 1							
2015	\$647,963,506	\$88,257,862	\$8,732,871	\$42,260,565	\$83,604,650	\$34,258,142	\$89,457,780
2016	\$620,583,229	\$82,489,568	\$10,201,427	\$41,456,614	\$88,421,233	\$35,450,576	\$98,540,430
Case 2							
2015	\$545,093,163	\$32,845,127	\$5,249,982	\$781,265	\$42,897,615	\$7,223,449	\$23,972,460
2016	\$500,046,703	\$27,116,316	\$6,251,002	\$771,578	\$44,254,008	\$7,692,743	\$27,456,789

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

Table 4 shows detailed revenue calculations for California and Colorado. Tables for the rest of the analyzed states are in the appendix.

TABLE 4

Revenues from Mansion Taxes

	California	Colorado
Total properties sold	506,294	132,936
Case 1		
Top 1% threshold	\$2,825,000	\$1,434,790
Top 2% threshold	\$2,100,000	\$1,069,180
Total homes in top 1%	5,081	1,330
Total homes in top 2%	10,296	2,659
Total market value of homes in top 1%	\$24,770,457,857	\$3,309,761,785
Total market value of homes in top 2%	\$37,287,865,104	\$4,939,195,089
Transfer tax revenue	\$620,583,230	\$82,489,569
Population (2016)	39,250,017	5,540,545
Transfer tax revenue per capita	\$15.81	\$14.89
Case 2		
Total homes ≥\$5 million	1,258	88
Total homes ≥\$2 million	11,065	559
Total market value of homes ≥\$5 million	\$11,138,400,056	\$687,867,796
Total market value of homes ≥\$2 million	\$38,866,270,307	\$2,023,763,860
Transfer tax revenue	\$500,046,704	\$27,116,317
Population (2016)	39,250,017	5,540,545
Transfer tax revenue per capita	\$12.74	\$4.89

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

In California, the threshold for the top 1 percent of homes was \$2.8 million and the threshold for the top 2 percent \$2.1 million in both years, and sales totaled about 500,000 each year. In Colorado, the threshold for the top 1 percent was \$1.4 million, and the threshold for the top 2 percent was \$1.1 million, with 1,330 and 2,659 eligible properties respectively. Estimated property tax revenue per capita was higher in Colorado, but transfer tax revenue per capita was higher in California. This reflects significant increases in California's home prices over the past several years and Proposition 13's limits on assessed values.

Discussion

States must consider many details in the design and implementation of a mansion tax, including whether the tax will be imposed at the state or local level. State statutes, constitutional restrictions, and limitations on taxes and revenues would in large part determine how the policy takes shape. Below, we outline some of the decisions lawmakers face in imposing a mansion tax.

Choosing the Right Threshold

States may opt for percent tax thresholds instead of dollar-amount thresholds. As our analysis shows, taxing properties that fall into the top 1 or 2 percent of the housing price distribution could generate more revenue for states, but not without consequences. Though this approach is flexible, allowing for adjustment to changing market conditions, it would require jurisdictions and people involved in real estate transactions to understand and keep up with frequently changing dollar thresholds. A percent threshold would need to be based on an earlier year's dollar amount so as not to retroactively impose a new tax on homeowners. This approach also raises equity issues, to the extent that homes are assessed at a different percentage of market value.

Determining Which Property Types to Include

Our analysis considers a mansion tax on residential properties only. However, states may decide that certain residential properties, such as vacation homes or second homes, should be taxed at higher rates. To increase revenue, states could also lower the eligibility threshold for second homes. Or they could tax only the owners of second homes, as Rhode Island tried to do.

States may tax commercial properties in addition to residential properties. For example, New Jersey includes commercial properties in its luxury home tax. Of course, the inclusion of commercial properties poses additional challenges for businesses and corporate entities, and each jurisdiction would require a separate analysis. Our analysis excluded luxury apartment buildings because of the impacts such a tax could have on overall rents. Taxing multifamily and commercial buildings would have other complexities not included in this analysis. Each state must consider all these factors carefully, based on expected revenues and legislative restrictions. For example, California law currently requires that all properties be taxed at the same rate.

Assessing Property Values at Market Rates

Implementing property tax surcharges can be complicated because of the difficulty of assessing home values accurately over time. Real estate is traded less frequently than other commodities, and each property is unique. Though home values are assessed periodically, the market value of a house is determined only at the point of sale, when an appraisal or valuation is done. Tax assessment values are known to be underestimated, and many state regulations, including California Proposition 13, restrict the growth of tax-assessed values. The underestimation of assessed values is meant to protect residents from large payment fluctuations caused by changes in their property taxes. But it limits a state or

locality's ability to generate revenue from a mansion tax. Moreover, valuation methods, data, and practices vary widely and are often disputed, which may raise questions about the validity of taxes on luxury homes.

Potential Impact on the Real Estate Market

Estimating the potential impact of a mansion tax on the real estate market is important. But so far, the evidence has been mixed and the scope of research limited. Kopczuk and Munroe (2015) found that mansion taxes in New York and New Jersey incentivized buyers and sellers to transact below the \$1 million cutoff. They also found that mansion taxes affected transactions above the threshold; listed prices fell and discounts increased permanently above the threshold. However, the study did not show whether imposing a mansion tax causes negative spillover effects on transactions below the threshold.

In contrast, Slemrod, Weber, and Shan (2017) found that real estate transfer taxes in DC had an insignificant effect on how often houses were bought and sold. In 2006, DC increased its effective tax rate from 2.2 to 2.9 percent for houses sold for at least \$400,000. As in Kopczuk and Munroe, the DC study found that after the tax was implemented, fewer houses were sold at or above the \$400,000 threshold, and more houses were sold just below the threshold. Though the prices of some transactions were adjusted lower, sellers did not alter the timing of house sales in response to the tax changes. In fact, total transaction volume did not appear to be affected by the new tax; the trading patterns of buyers and sellers affected by the tax were similar to those who were not affected.

Using data from Ireland, Hargaden (2017) demonstrated that the impact of a real estate transfer tax differed across the population, depending on how the policy was designed. Ireland's transfer tax targets first-time buyers and effectively discouraged them from bidding above the threshold, while incentivizing other buyers to bid up the price.

These three studies suggest that a real estate transfer tax can change the behavior of real estate buyers and sellers who are directly affected by the tax. Thus, policymakers must be thoughtful about how they design and implement a mansion tax. However, though such a tax could marginally impact transactions in the high end of the real estate market, it is unlikely to have a noticeable impact on other housing transactions because buyers of high-priced luxury real estate have preferences very different from those of other homebuyers.

Conclusion

In this report, we estimated the state and local revenue that could be generated through a mansion tax—either a real estate transfer tax or a property tax surcharge on luxury homes. Zooming in on a select group of states, we experimented with different price thresholds and calculated how potential revenue would differ across states based on those thresholds.

Every housing market is different. Jurisdictions must consider not only how much revenue a mansion tax could generate, but also how such a tax would interact with existing taxes and statutes and how it would affect residents. Despite these challenges, many believe mansion taxes are worth exploring.

But they remain controversial. Before proposing a mansion tax, policymakers should decide how additional revenues will be used, or what social programs would benefit. Laying out these specifics may make the tax more politically palatable than simply proposing to use the revenue to fill a budget deficit. And in states with rapidly rising home prices and rents, allocating the revenues to a particular initiative, such as affordable housing for lower-income residents, could help garner support for a mansion tax.

Appendix

Property Tax Analysis

The tables in this section present revenues generated from property tax surcharges for all the states studied. Our analysis of New York,⁶ a high-price city, found that the threshold for the top 1 percent of homes was \$1.7 million, and the threshold for the top 2 percent was \$1.2 million, with 45,438 and 90,907 eligible properties respectively.

In Massachusetts, the top 1 percent threshold was \$1.9 million, and the top 2 percent threshold was \$1.4 million. But the number of eligible properties in these two groups was significantly smaller than in New York—18,467 and 36,945 properties respectively.

In the District of Columbia, the top 1 percent threshold was \$2.2 million, and the top 2 percent threshold was \$1.8 million—similar to the thresholds in California and Colorado. But DC is much smaller than those states, with only 1,475 eligible properties in the top 1 percent and 2,949 in the top 2 percent.

The thresholds in Maine, Michigan, and Nevada were smaller than those in the other states. Maine's high-end housing market is dominated by vacation homes. Maine has a top 1 percent threshold of \$947,481 and a top 2 percent threshold of \$696,262, with fewer eligible properties (4,954 and 9,907 respectively) than Michigan. Nevada's top 1 (\$850,049) and top 2 percent (\$614,581) thresholds fell between those of Maine and Michigan.

TABLE A.1

California

Total residential properties	8,284,512
Total value	\$3,127,563,928,268
Case 1	
Top 1% threshold	\$2,086,019
Top 2% threshold	\$1,531,395
Total homes in top 1%	82,846
Total homes in top 2%	165,691
Total market value of homes in top 1%	\$308,451,727,216
Total market value of homes in top 2%	\$454,451,566,272
Property tax revenue	\$7,629,032,935
Population (2016)	39,250,017
Property tax revenue per capita	\$194.37
Case 2	
Total homes ≥\$5 million	11,597
Total homes ≥\$2 million	90,601
Total market value of homes ≥\$5 million	\$100,903,637,989
Total market value of homes ≥\$2 million	\$324,292,304,755
Property tax revenue	\$4,251,959,427
Population (2016)	39,250,017
Property tax revenue per capita	\$108.33

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.2

Colorado

Total residential properties	1,683,139
Total value	\$537,154,597,839
Case 1	
Top 1% threshold	\$2,023,744
Top 2% threshold	\$1,187,198
Total homes in top 1%	16,835
Total homes in top 2%	33,664
Total market value of homes in top 1%	\$70,219,070,264
Total market value of homes in top 2%	\$95,438,289,636
Property tax revenue	\$1,656,573,599
Population (2016)	5,540,545
Property tax revenue per capita	\$298.99
Case 2	
Total homes ≥\$5 million	3,820
Total homes ≥\$2 million	17,142
Total market value of homes ≥\$5 million	\$31,487,463,543
Total market value of homes ≥\$2 million	\$70,836,656,470
Property tax revenue	\$1,023,241,200
Population (2016)	5,540,545
Property tax revenue per capita	\$184.68

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.3

District of Columbia

Total residential properties	147,448
Total value	\$81,064,225,911
Case 1	
Top 1% threshold	\$2,230,999
Top 2% threshold	\$1,761,049
Total homes in top 1%	1,475
Total homes in top 2%	2,949
Total market value of homes in top 1%	\$5,115,648,296
Total market value of homes in top 2%	\$7,997,378,126
Property tax revenue	\$131,130,264
Population (2016)	681,170
Property tax revenue per capita	\$192.51
Case 2	
Total homes ≥\$5 million	163
Total homes ≥\$2 million	2,004
Total market value of homes ≥\$5 million	\$1,201,449,080
Total market value of homes ≥\$2 million	\$6,232,177,136
Property tax revenue	\$74,336,262
Population (2016)	681,170
Property tax revenue per capita	\$109.13

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.4

Maine

Total residential properties	495,320
Total value	\$96,449,768,420
Case 1	
Top 1% threshold	\$947,481
Top 2% threshold	\$696,262
Total homes in top 1%	4,954
Total homes in top 2%	9,907
Total market value of homes in top 1%	\$7,867,985,225
Total market value of homes in top 2%	\$11,834,395,075
Property tax revenue	\$197,023,803
Population (2016)	1,331,479
Property tax revenue per capita	\$147.97
Case 2	
Total homes ≥\$5 million	57
Total homes ≥\$2 million	873
Total market value of homes ≥\$5 million	\$341,127,100
Total market value of homes ≥\$2 million	\$2,599,403,771
Property tax revenue	\$29,405,309
Population (2016)	1,331,479
Property tax revenue per capita	\$22.08

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.5

Massachusetts

Total residential properties	1,846,552
Total value	\$753,680,579,051
Case 1	
Top 1% threshold	\$1,859,900
Top 2% threshold	\$1,402,000
Total homes in top 1%	18,467
Total homes in top 2%	36,945
Total market value of homes in top 1%	\$56,314,148,212
Total market value of homes in top 2%	\$85,815,374,224
Property tax revenue	\$1,421,295,224
Population (2016)	6,811,779
Property tax revenue per capita	\$208.65
Case 2	
Total homes ≥\$5 million	1,456
Total homes ≥\$2 million	15,320
Total market value of homes ≥\$5 million	\$11,614,221,481
Total market value of homes ≥\$2 million	\$50,243,651,989
Property tax revenue	\$618,578,735
Population (2016)	6,811,779
Property tax revenue per capita	\$90.81

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.6

Michigan

Total residential properties	3,939,491
Total value	\$462,502,805,491
Case 1	
Top 1% threshold	\$711,200
Top 2% threshold	\$548,200
Total homes in top 1%	33,784
Total homes in top 2%	67,545
Total market value of homes in top 1%	\$38,373,046,012
Total market value of homes in top 2%	\$59,193,000,000
Property tax revenue	\$975,660,460
Population (2016)	9,928,300
Property tax revenue per capita	\$98.27
Case 2	
Total homes ≥\$5 million	94
Total homes ≥\$2 million	2,235
Total market value of homes ≥\$5 million	\$550,410,544
Total market value of homes ≥\$2 million	\$6,416,790,484
Property tax revenue	\$69,672,010
Population (2016)	9,928,300
Property tax revenue per capita	\$7.02

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.7

Nevada

Total residential properties	973,380
Total value	\$186,209,268,546
Case 1	
Top 1% threshold	\$850,049
Top 2% threshold	\$614,581
Total homes in top 1%	9,734
Total homes in top 2%	19,468
Total market value of homes in top 1%	\$15,919,597,394
Total market value of homes in top 2%	\$22,834,011,849
Property tax revenue	\$387,536,092
Population (2016)	2,940,058
Property tax revenue per capita	\$131.81
Case 2	
Total homes ≥\$5 million	222
Total homes ≥\$2 million	1,756
Total market value of homes ≥\$5 million	\$2,076,312,469
Total market value of homes ≥\$2 million	\$6,372,074,103
Property tax revenue	\$84,483,866
Population (2016)	2,940,058
Property tax revenue per capita	\$28.74

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.8

New York

Total residential properties	4,543,196
Total value	\$1,293,807,164,443
Case 1	
Top 1% threshold	\$1,720,000
Top 2% threshold	\$1,210,000
Total homes in top 1%	45,438
Total homes in top 2%	90,907
Total market value of homes in top 1%	\$146,906,341,141
Total market value of homes in top 2%	\$211,048,847,739
Property tax revenue	\$3,579,551,889
Population (2016)	19,745,289
Property tax revenue per capita	\$181.29
Case 2	
Total homes ≥\$5 million	3,644
Total homes ≥\$2 million	34,223
Total market value of homes ≥\$5 million	\$36,207,513,221
Total market value of homes ≥\$2 million	\$126,148,233,730
Property tax revenue	\$1,623,557,470
Population (2016)	19,745,289
Property tax revenue per capita	\$82.23

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

Transfer Tax Analysis

The tables in this section present revenues generated from transfer taxes for all the states studied. In each state, the total sales counts and tax eligibility thresholds were similar for 2015 and 2016.

TABLE A.9

California

	2015	2016
Total properties sold	509,515	506,294
Case 1		
Top 1% threshold	\$2,920,000	\$2,825,000
Top 2% threshold	\$2,165,000	\$2,100,000
Total homes in top 1%	5,102	5,081
Total homes in top 2%	10,202	10,296
Total market value of homes in top 1%	\$26,057,771,741	\$24,770,457,857
Total market value of homes in top 2%	\$38,738,578,942	\$37,287,865,104
Transfer tax revenue	\$647,963,507	\$620,583,230
Population	39,144,818	39,250,017
Transfer tax revenue per capita	\$16.55	\$15.81
Case 2		
Total homes ≥\$5 million	1439	1258
Total homes ≥\$2 million	11691	11065
Total market value of homes ≥\$5 million	\$12,664,007,971	\$11,138,400,056
Total market value of homes ≥\$2 million	\$41,845,308,392	\$38,866,270,307
Transfer tax revenue	\$545,093,164	\$500,046,704
Population	39,144,818	39,250,017
Transfer tax revenue per capita	\$13.93	\$12.74

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.10

Colorado

	2015	2016
Total properties sold	135,699	132,936
Case 1		
Top 1% threshold	\$1,388,530	\$1,434,790
Top 2% threshold	\$1,004,032	\$1,069,180
Total homes in top 1%	1,357	1,330
Total homes in top 2%	2,714	2,659
Total market value of homes in top 1%	\$3,613,819,080	\$3,309,761,785
Total market value of homes in top 2%	\$5,211,967,175	\$4,939,195,089
Transfer tax revenue	\$88,257,863	\$82,489,569
Population	5,456,574	5,540,545
Transfer tax revenue per capita	\$16.17	\$14.89
Case 2		
Total homes ≥\$5 million	117	88
Total homes ≥\$2 million	546	559
Total market value of homes ≥\$5 million	\$999,477,167	\$687,867,796
Total market value of homes ≥\$2 million	\$2,285,035,593	\$2,023,763,860
Transfer tax revenue	\$32,845,128	\$27,116,317
Population	5,456,574	5,540,545
Transfer tax revenue per capita	\$6.02	\$4.89

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.11

District of Columbia

	2015	2016
Total properties sold	9,932	11,137
Case 1		
Top 1% threshold	\$2,300,000	\$2,450,000
Top 2% threshold	\$1,900,000	\$1,900,000
Total homes in top 1%	104	113
Total homes in top 2%	204	226
Total market value of homes in top 1%	\$333,037,342	\$390,173,010
Total market value of homes in top 2%	\$540,249,772	\$629,969,767
Transfer tax revenue	\$8,732,871	\$10,201,428
Population	672,228	681,170
Transfer tax revenue per capita	\$12.99	\$14.98
Case 2		
Total homes ≥\$5 million	6	10
Total homes ≥\$2 million	175	187
Total market value of homes ≥\$5 million	\$40,717,500	\$71,097,030
Total market value of homes ≥\$2 million	\$484,280,752	\$554,003,218
Transfer tax revenue	\$5,249,983	\$6,251,002
Population	672,228	681,170
Transfer tax revenue per capita	\$7.81	\$9.18

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.12

Massachusetts

	2015	2016
Total properties sold	97,137	102,365
Case 1		
Top 1% threshold	\$2,103,520	\$2,100,000
Top 2% threshold	\$1,559,928	\$1,560,000
Total homes in top 1%	972	1,033
Total homes in top 2%	1,943	2,049
Total market value of homes in top 1%	\$3,312,499,279	\$3,514,912,649
Total market value of homes in top 2%	\$5,047,965,777	\$5,327,210,657
Transfer tax revenue	\$83,604,651	\$88,421,233
Population	6,794,422	6,811,779
Transfer tax revenue per capita	\$12.30	\$12.98
Case 2		
Total homes ≥\$5 million	95	97
Total homes ≥\$2 million	1078	1099
Total market value of homes ≥\$5 million	\$758,288,737	\$775,299,046
Total market value of homes ≥\$2 million	\$3,531,472,848	\$3,650,101,819
Transfer tax revenue	\$42,897,616	\$44,254,009
Population	6,794,422	6,811,779
Transfer tax revenue per capita	\$6.31	\$6.50

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.13

Michigan

	2015	2016
Total properties sold	179,802	179,303
Case 1		
Top 1% threshold	\$642,500	\$639,900
Top 2% threshold	\$500,000	\$510,494
Total homes in top 1%	1,800	1,795
Total homes in top 2%	3,677	3,587
Total market value of homes in top 1%	\$1,587,937,148	\$1,565,587,477
Total market value of homes in top 2%	\$2,638,119,419	\$2,580,073,943
Transfer tax revenue	\$42,260,566	\$41,456,614
Population	9,922,576	9,928,300
Transfer tax revenue per capita	\$4.26	\$4.18
Case 2		
Total homes ≥\$5 million	0	0
Total homes ≥\$2 million	30	31
Total market value of homes ≥\$5 million	\$0	\$0
Total market value of homes ≥\$2 million	\$78,126,544	\$77,157,820
Transfer tax revenue	\$781,265	\$771,578
Population	9,922,576	9,928,300
Transfer tax revenue per capita	\$0.08	\$0.08

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.14

Nevada

	2015	2016
Total properties sold	76,083	78,447
Case 1		
Top 1% threshold	\$18,411,869,350	\$19,942,154,519
Top 2% threshold	\$1,053,000	\$1,021,569
Total homes in top 1%	752,180	750,000
Total homes in top 2%	764	785
Total market value of homes in top 1%	1,522	1,597
Total market value of homes in top 2%	\$1,384,044,090	\$1,422,640,290
Transfer tax revenue	\$34,258,142	\$35,450,576
Population	2,890,845	2,940,058
Transfer tax revenue per capita	\$11.85	\$12.06
Case 2		
Total homes ≥\$5 million	19	20
Total homes ≥\$2 million	200	196
Total market value of homes ≥\$5 million	\$122,340,000	\$138,850,000
Total market value of homes ≥\$2 million	\$600,009,925	\$630,424,297
Transfer tax revenue	\$7,223,499	\$7,692,743
Population	2,890,845	2,940,058
Transfer tax revenue per capita	\$2.50	\$2.62

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

TABLE A.15

Washington

	2015	2016
Total properties sold	148,214	156,384
Case 1		
Top 1% threshold	\$1,565,000	\$1,662,500
Top 2% threshold	\$1,175,000	\$1,260,000
Total homes in top 1%	1,484	1,566
Total homes in top 2%	2,975	3,144
Total market value of homes in top 1%	\$3,480,757,775	\$3,800,775,635
Total market value of homes in top 2%	\$5,465,020,294	\$6,053,267,414
Transfer tax revenue	\$89,457,781	\$98,540,430
Population	7,170,351	7,288,000
Transfer tax revenue per capita	\$12.48	\$13.52
Case 2		
Total homes ≥\$5 million	51	50
Total homes ≥\$2 million	681	800
Total market value of homes ≥\$5 million	\$342,854,000	\$334,551,957
Total market value of homes ≥\$2 million	\$2,054,392,071	\$2,411,126,967
Transfer tax revenue	\$23,972,461	\$27,456,789
Population	7,170,351	7,288,000
Transfer tax revenue per capita	\$3.34	\$3.77

Notes: Case 1 is a 1 percent tax rate for the top 2 percent of homes and a 2 percent tax rate for the top 1 percent of homes. Case 2 is a 1 percent tax rate for homes worth \$2 million or more and a 2 percent tax rate for homes worth \$5 million or more.

Notes

- ¹ These states are Alabama, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Virginia, Washington, West Virginia, and Wisconsin. Arizona imposes a tax of \$2 per deed or contract.
- ² Carl Campanile, “‘Mansion Tax’ Produces Geyser of Revenue for New York,” *New York Post*, March 20, 2014, <https://nypost.com/2014/03/20/mansion-tax-produces-geyser-of-revenue-for-new-york/>.
- ³ Jeff Mays and Amy Zimmer, “De Blasio Proposes ‘Mansion Tax’ on Homes That Sell for \$2M or More,” *DNAinfo*, January 30, 2017, <https://www.dnainfo.com/new-york/20170130/upper-east-side/de-blasio-mansion-mansion-tax-millionaire/>.
- ⁴ Ian Donnis, “Speaker Mattiello Wants to Eliminate the ‘Taylor Swift Tax,’” *RIPR*, April 23, 2015, <http://ripr.org/post/speaker-mattiello-wants-eliminate-taylor-swift-tax>; Katherine Gregg, “Raimondo’s Second-Home Tax Targets Properties Worth More Than \$1M,” *Providence Journal*, March 18, 2015, <http://www.providencejournal.com/article/20150317/NEWS/150319308>; and Ted Nesi, “Raimondo Drops ‘Taylor Swift Tax’ Proposal,” *WPRI*, May 11, 2015, <http://www.wpri.com/news/raimondo-drops-proposal-for-taylor-swift-tax/1044008221>.
- ⁵ In the 2016 American Community Survey, California had a population of 39,250,017 and New York 19,754,289.
- ⁶ We excluded cooperatives from our analysis of New York, though they make up a large percentage of the housing stock. Under New York law, property taxes are assessed for the entire co-op and then distributed proportionally to each unit within the co-op. It was difficult to identify which properties within a given co-op could be classified as a luxury home. As an exploratory analysis, we added the total value of co-ops, assuming the price distribution was the same as the rest of the residential market, and calculated the revenue generated. We did not include this analysis in the paper for simplicity.

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