

The Atlantic



Illustration by Matteo Giuseppe Pani / The Atlantic

IDEAS

THE ONE TAX THE RICH CAN'T ESCAPE

New York's proposed pied-à-terre tax is unlikely to chase anyone away.

By Richard Florida

MAY 4, 2026, 7 AM ET

A billionaire acquaintance of mine who moved from Manhattan to Miami during the pandemic was talking with me recently about New York City's proposed pied-à-terre tax—an annual surcharge on second homes that are valued above \$5 million. When Mayor Zohran Mamdani and Governor Kathy Hochul announced the proposal earlier this month, the tabloids and the business press insisted that it would chase the rich away. But my acquaintance didn't seem too worried. He had kept his New York apartment, as many recent arrivals to Miami do, and had no intention of giving it up. He is very tied to the city—socially, professionally, and philanthropically—and travels there frequently.

There's a lesson here for cities and states that are considering raising taxes on their wealthiest residents: The specific type of tax matters. The key is to design it around something the rich don't want to give up—such as their home in the most economically and culturally important city in the world—not something they can easily avoid by simply changing their tax residence.

Follow *The Atlantic* on Apple News

Follow

For a long time, academic research said that the rich don't move because of taxes. Studies of millionaire migration, going back decades, found that high-income households had *lower* migration rates than the middle class. The rich were embedded in the places where they had built their careers, their networks, and their lives. The one real exception was a modest flow of New Yorkers moving to Florida late in life.

Annie Lowrey: So nobody is going to pay taxes now?

That used to be true because the rich had no real choice. Their businesses were in New York or San Francisco or, in the case of Jeff Bezos's Amazon and Howard Schultz's Starbucks, in Seattle, and they had to be near them. But digital technology, and especially the successful experiment in remote work during the pandemic, severed the bond between where a business is and where the owner lives. Once that bond broke, everything changed.

Recent years have seen a parade of billionaires, including Bezos, Schultz, Ken Griffin, Larry Page, and Sergey Brin, leaving blue cities for the low taxes, warm weather, and lifestyle of Miami. At first, the rich tried a more holistic version, relocating big chunks of their company with them. Griffin, for example, moved Citadel from Chicago to Miami. Then they figured out that they didn't have to move the business at all; they could just move themselves. Bezos left Seattle for Indian Creek Island, but Amazon is still in Seattle. Page bought a compound in Coconut Grove for nearly \$180 million, but Google is still in the Bay Area. Mark Zuckerberg picked up a \$170 million waterfront mansion on the same island where Bezos lives, but Meta is still in Silicon Valley. Schultz bought a \$44 million penthouse at the Four Seasons at the Surf Club, just north of Miami Beach, but Starbucks is still in Seattle.

Florida makes this easy because it has no real residency requirement. The wealthy simply declare a Florida home as a homestead, and as long as they don't spend more than the threshold number of days in their other homes—in New York, Los Angeles, Aspen, the south of France—they are Florida residents for tax purposes. That probably explains why Bezos became a Florida resident before selling \$8.5 billion in Amazon stock in 2024. (Florida has no state capital-gains tax.)

This is what Miami and Palm Beach and a handful of other places are becoming: lifestyle tax havens, which offer sunshine, great nightlife, and an ideal place to dock a yacht, as well as tax advantages. Places for the rich, and, more and more, for the rich alone. Meanwhile, an exodus of the less advantaged, the working classes, and the merely affluent has begun. Miami-Dade County had the third-largest loss of domestic population of any county in the country last year. (The outflow of residents used to be covered up by international migration, a process disrupted by President Trump's immigration crackdown.) As the *Miami Herald* has reported, the people leaving the city have annual incomes that are half of what new arrivals make, on average. The rich have altered Miami's housing market and pushed prices up, and they and the key employees they brought with them have taken up the limited supply of private-school slots.

For the ultra-wealthy, the hollowing-out of a city can be a blessing in disguise. Less traffic, less congestion, and fewer people competing for housing and schools are more benefit than burden. They would prefer their lifestyle tax haven to be even more like Monaco. But a city that works for billionaires and few others is not a city. It is a resort with a tax code.

The importance of lifestyle helps explain why a tax on second homes might be the one kind of tax that the super-rich—like my billionaire acquaintance—will grudgingly tolerate. The pied-à-terre tax is unlikely to chase many people away, because it applies to a fixed asset, such as a house, condo, or co-op. The only way to get around the tax is to sell the asset. But that asset is also their home in a place where they really want—and, in many cases, need—to be, and many wealthy people would rather hang on to it.

The amounts involved are also smaller than income or wealth taxes. New York City's proposal is estimated to raise up to \$500 million in annual revenue, according to the city comptroller. Although the details have not yet been released, under a previous proposal, which used a sliding scale rising to 4 percent on value above \$25 million, Griffin's Central Park South penthouse would generate a surcharge of about \$9 million a year. That's real money, but a fraction of what income or wealth taxes cost the ultra-wealthy. If Bezos had still been living in Seattle when he off-loaded Amazon stock in 2024, his Washington State capital-gains-tax bill would have come to about \$600 million. The proposed California Billionaire Tax, a onetime 5 percent levy on net worth above \$1 billion, would have cost Larry Page roughly \$14 billion had he not preemptively fled the state.

Brian Galle: The myth of the mobile millionaire

A pied-à-terre tax could, then, actually help refill city coffers instead of just eating away at the tax base. The only problem is that the mayor has made a political football of it. Mamdani could have pushed the tax through without making new enemies. Most of the uber-wealthy would have shrugged, like my acquaintance, perhaps grumbled a little, and paid it. Instead, the mayor shot a video outside Griffin's apartment building and named him as an example of someone who could pay. Gerald Beeson, Citadel's chief operating officer, immediately called the spectacle shameful and signaled that the firm might pull out of its multibillion-dollar new Manhattan headquarters building. Billionaires do not take well to being made an example of. Griffin, after all, relocated Citadel from Chicago to Miami after feuding with the mayor and governor over taxes and crime. The purpose of a pied-à-terre is emotional, not financial. After enough public shaming, a rich person might lose their taste for keeping a place in the city.

There is also a harder truth underneath the political rhetoric. Blue cities cannot keep taxing their way out of their budget problems. The differentials between high-tax and low-tax states are now too large, and the mobility of the rich too real, for that playbook to keep working. Cities like New York have to get serious about the cost side of their budgets—about efficiency, productivity, and what they spend. The revenue side alone cannot close the gap. A pied-à-terre tax is a useful tool if it is used smartly, but it is not a substitute for running the city well.

None of this means the idea of taxing the rich is wrong. The inequality that has built up in this country has reached levels that are corrosive to the economy and to the fabric of our cities. But income taxes and wealth taxes cannot do the job at the city or state level. They have to be levied at the national level, where there is no state line to cross. Local governments should tax what cannot move, which means fixed assets and real estate above all. A pied-à-terre tax is one version of that idea, and there are others. For cities like New York, the lesson is straightforward. Stop trying to tax what the rich can carry with them, and start taxing what they want to keep.

Richard Florida is a visiting distinguished professor at Vanderbilt University, professor at the University of Toronto, and Kresge Foundation distinguished fellow. He is the author of *The Rise of the Creative Class* and *The New Urban Crisis* and is working on a new book on digital technology and the future of cities.