

# Tax the Rich, NYC Edition: Why Billionaires Are Threatening to Bolt

Date: May 11, 2026 | Model: anthropic-batch:claude-opus-4-7

Source: Screenshot (OCR via AI)

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*Note: the original article is provided as a separate file (attached to the email or downloadable from the website).*

## 1. Reading Passage

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In April 2026, New York City Mayor Zohran Mamdani stood outside a \$238 million penthouse on Billionaires' Row and filmed a one-minute video. The apartment belongs to hedge fund billionaire Ken Griffin, founder of Citadel. The video announced a new 'pied-à-terre' tax — French for 'foot on the ground,' meaning a second home — on properties in the city worth more than \$5 million. Backed by Governor Kathy Hochul, the levy would hit about 13,000 properties (roughly 0.4% of the city's 3.7 million housing units) and raise an estimated \$500 million annually. By any objective measure, this is a narrow tax. So why has it triggered such a furious response from New York's wealthiest residents?

The answer is not really about money. Yasser Salem, who chairs the pro-business group OneNYC, called the financial impact on billionaires 'a rounding error.' A Miami-based businessman who owns an apartment in the West Village told reporters the tax was financially manageable but 'shameful' — and that he wouldn't leave because his grandchildren live nearby. Even Scott Bok, the former chief executive of investment bank Greenhill & Co., conceded the tax wouldn't be the thing driving anyone out of the city. Yet wealthy New Yorkers are bombarding their financial advisers with angry calls, asking them to mitigate a levy whose exact rate hasn't even been announced.

Here's the catch: the backlash is being driven by symbolism and uncertainty, not arithmetic. Griffin, speaking at the Milken Conference in Beverly Hills, called the video a personal attack and said it 'triggered the trauma' he experienced in Chicago — where Citadel was headquartered before relocating to Miami four years ago. He vowed to 'double down' on Florida. Steven Fulop, head of the Partnership for New York City, warned the tax could have a 'chilling impact on economic investment,' driving away companies whose executives live elsewhere. Tax lawyer Mark Klein, who advises some of the country's wealthiest residents, described his clients as 'in purgatory' — angry but waiting for details before deciding anything drastic.

The symbolism is already moving markets. Luxury brokerage Corcoran reported that in the two weeks after the announcement, 20% of its agents had clients pausing or cancelling deals, with an average price of \$15.7 million. Patrick Dwyer, a wealth adviser at NewEdge Wealth in Miami, framed the policy in moral terms: the progressive movement, he said, was 'the most dangerous thing for the upper-middle-class professional that's ever happened in these big cities,' arguing that governments 'crush' people just as they start making real money.

But history complicates the apocalyptic predictions. Wealthy New Yorkers have threatened to flee for Miami many times before, and evidence of an actual exodus has been mixed. The Miami businessman who called the tax shameful admitted there was 'literally no dollar amount' that would make him leave his family. Bok noted that people are on a 'hair-trigger alert' for anything Mamdani does, but that the tax itself is unlikely to be decisive. The deeper question raised by this fight isn't whether \$500 million is worth collecting — it's whether public political theatre can change private financial behaviour even when the underlying numbers don't justify the reaction. So far in New York, the answer appears to be yes, at least in the short run.

## 2. Explanation

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*When a mayor films a campaign video outside a \$238 million penthouse to announce a new tax, the city's billionaires don't just complain — they threaten to take their money, jobs, and skyline-defining towers with them.*

### What's Going On?

New York Mayor Zohran Mamdani has proposed a 'pied-à-terre' tax — an annual levy on second homes in the city worth more than \$5 million. Governor Kathy Hochul backed the plan, which she says would affect roughly 13,000 properties (about 0.4% of the city's 3.7 million housing units) and raise around \$500 million a year.

The political fuse was lit when Mamdani filmed a video outside Citadel founder Ken Griffin's \$238 million penthouse on Billionaires' Row to launch the policy. Wealthy New Yorkers are now flooding their financial advisers with angry calls, even though the exact tax rate has not yet been published.

### How To Think About It

This isn't really a fight about \$500 million — that's a rounding error in a city budget. It's a fight about \*who\* gets singled out, and whether public symbolism changes private behaviour.

- Think of it like a speeding ticket aimed only at Lamborghinis: the fine itself is small, but being publicly named as the target stings more than the cost.
- Or think of a small congestion charge in a luxury neighbourhood — the dollar amount is trivial to residents, but the message ('you don't really belong here') reshapes how they feel about staying.

### Key Things To Know

- The tax targets only second homes above \$5 million — primary residences are untouched, so most New Yorkers wouldn't pay a cent.
- Griffin says he'll 'double down' on Miami, where Citadel relocated its headquarters four years ago, and has hinted at pulling a planned Park Avenue project that backers say could create 15,000 jobs.
- Luxury brokerage Corcoran reported that 20% of its agents had clients pausing or cancelling deals (average price: \$15.7 million) in the two weeks after the announcement.
- Despite years of 'I'm moving to Miami' threats from rich New Yorkers, actual evidence of an exodus is mixed — Yasser Salem of pro-business group OneNYC called the tax's impact on net worth 'a rounding error.'
- The loudest objection isn't really the tax rate — it's the \*uncertainty\* and the public targeting. Tax lawyer Mark Klein described his clients as 'in purgatory' until the details drop.

### Why It Matters

This is one of the clearest live experiments in a debate you'll be voting on for decades: can cities tax their wealthiest residents without driving them away? New York's answer will shape housing affordability, school funding, and which cities you can actually afford to live in after college. It's also a case study in modern politics — a one-minute video viewed 52 million times can move billions in real

estate decisions.

## **The Bigger Picture**

Massachusetts, Washington State, and Rhode Island have all moved to tax incomes over \$1 million; California voters will soon decide on a billionaire tax. If New York's pied-à-terre experiment raises real money without triggering a measurable exodus, expect copycat policies in London, Paris, and other 'global' cities where the ultra-rich park wealth in empty trophy apartments. If it backfires — fewer luxury construction jobs, falling property values, billion-dollar projects cancelled — it'll become Exhibit A for every politician who argues taxing the rich is self-defeating.

### 3. Key Terms Glossary

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#### **Pied-à-terre**

French for 'foot on the ground' – a secondary residence, usually in a city, that someone owns but doesn't live in full-time.

#### **Levy**

Another word for a tax, especially one imposed by a government on a specific category of property or activity.

#### **Billionaires' Row**

Nickname for a stretch of Midtown Manhattan around 57th Street known for ultra-luxury supertall residential skyscrapers.

#### **Hedge fund**

An investment firm that uses pooled money from wealthy clients to make complex bets across markets, aiming for high returns. Citadel, founded by Ken Griffin, is one of the largest.

#### **Exodus**

A large-scale departure of people – here, the feared mass relocation of wealthy residents from a high-tax city to a low-tax one.

#### **Carve-out**

A specific exemption written into a law or tax to spare a particular group or situation from its full effects.

#### **Progressive (taxation)**

A tax system where people with more income or wealth pay a higher rate – the opposite of a flat tax.

#### **Democratic socialist**

A politician who supports a capitalist economy but with heavy public investment, strong labour protections, and higher taxes on the wealthy to fund universal services.

## 4. Reading Comprehension Quiz

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Circle the best answer for each question.

- Q1.** The passage most directly argues that the controversy over New York's proposed second-home tax is driven by:
- A) The size of the tax bill that wealthy residents would owe.
  - B) The symbolism and uncertainty surrounding the policy rather than its dollar cost.
  - C) A genuine and measurable exodus of millionaires to Miami.
  - D) Mayor Mamdani's refusal to negotiate with business leaders.
- Q2.** According to the passage, evidence that wealthy New Yorkers are actually leaving the city in response to taxes is:
- A) Overwhelming and consistent across decades.
  - B) Strong in Miami but weak elsewhere.
  - C) Mixed, despite repeated threats to relocate.
  - D) Impossible to measure because of privacy laws.
- Q3.** Which choice best states the central idea of the passage?
- A) Mamdani's pied-à-terre tax will inevitably drive billionaires out of New York City.
  - B) A modest new tax has provoked outsized political backlash from the city's wealthiest.
  - C) New York City's budget crisis can only be solved by taxing luxury real estate.
  - D) Miami is rapidly replacing New York as America's financial capital.
- Q4.** As used in the passage, the word 'shameful' (in the Miami businessman's quote 'I think it's shameful') most nearly means:
- A) Embarrassing to admit in public.
  - B) Morally objectionable or wrong.
  - C) Financially ruinous.
  - D) Legally questionable.
- Q5.** As used in the passage, the word 'crush' (in 'these governments are going to crush that person') most nearly means:
- A) Physically destroy.
  - B) Romantically infatuate.
  - C) Financially overwhelm or punish.
  - D) Quietly ignore.
- Q6.** Which statement about the proposed tax can most reasonably be inferred from the passage?
- A) Final details of the tax rate have already been published.
  - B) The tax will replace New York City's income tax entirely.
  - C) Uncertainty about the policy's specifics is itself fueling the backlash.
  - D) Most New Yorkers strongly oppose the tax.

- Q7.** The passage suggests that Ken Griffin's reaction to Mamdani's video is:
- A)** Purely about the tax's financial cost to him personally.
  - B)** Shaped partly by experiences he had in another city.
  - C)** Shared by every business leader quoted in the passage.
  - D)** A strategic bluff he does not actually intend to act on.
- Q8.** The author's tone when reporting the billionaires' complaints is best described as:
- A)** Openly sympathetic and admiring.
  - B)** Sharply critical and mocking.
  - C)** Detached, presenting voices on multiple sides.
  - D)** Confused and uncertain about the facts.
- Q9.** Which statement about the relationship between political symbolism and economic behaviour can most reasonably be inferred from the passage?
- A)** Symbolic political acts can influence economic decisions even when the underlying financial cost is small.
  - B)** Economic decisions are made purely on the basis of measurable financial impact.
  - C)** Political symbolism has no effect on real estate markets.
  - D)** Wealthy individuals always respond rationally to changes in tax policy.
- Q10.** Which choice provides the best evidence for the answer to the previous question?
- A)** 'About 13,000 properties – roughly 0.4% of the city's housing units – would be affected.'
  - B)** 'Twenty percent of Corcoran agents reported clients pausing or cancelling deals after the announcement.'
  - C)** 'Citadel relocated its headquarters from Chicago to Miami four years ago.'
  - D)** 'The tax targets only second homes valued above \$5 million.'

**My Score:** \_\_\_\_\_ / 10

## 5. Answer Key with Explanations

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**Q1.** The passage most directly argues that the controversy over New York's proposed second-home tax is driven by:

**Answer: B**

The passage repeatedly stresses that the dollar impact is small (a 'rounding error') while emphasizing public targeting and undisclosed details – symbolism and uncertainty. A is wrong (Trap A: right scope, wrong direction – the passage says the cost is minor, not major). SAT Tip: When a question asks for the 'primary' argument, look for the idea the author returns to multiple times, not a detail mentioned only once.

**Q2.** According to the passage, evidence that wealthy New Yorkers are actually leaving the city in response to taxes is:

**Answer: C**

The passage states that 'evidence of an exodus has been mixed,' even though wealthy New Yorkers have repeatedly threatened to flee. A is wrong (Trap C: a common real-world claim, but the passage explicitly contradicts it). SAT Tip: When a question uses the words 'according to the passage,' the answer must be directly supported by the text – outside knowledge or assumptions don't count.

**Q3.** Which choice best states the central idea of the passage?

**Answer: B**

The passage describes a relatively narrow tax (affecting 0.4% of housing) generating an emotional, organized response from billionaires and their advisers. A is wrong (Trap C: 'inevitably' is too absolute, and the passage says evidence of an exodus is mixed). SAT Tip: Central-idea answers usually use moderate language ('a,' 'some,' 'often'); options with absolute words like 'inevitably,' 'only,' or 'never' are usually traps.

**Q4.** As used in the passage, the word 'shameful' (in the Miami businessman's quote 'I think it's shameful') most nearly means:

**Answer: B**

The businessman uses 'shameful' to express moral disapproval of the policy, not embarrassment – he openly states his view. A is wrong (Trap B: it uses the everyday sense of 'shame' as embarrassment, but the passage uses it as a moral judgement). SAT Tip: On vocab-in-context questions, substitute each option into the sentence – only one will preserve the original meaning.

**Q5.** As used in the passage, the word 'crush' (in 'these governments are going to crush that person') most nearly means:

**Answer: C**

Wealth adviser Patrick Dwyer uses 'crush' figuratively to mean that tax policy will heavily burden successful people. A is wrong (Trap B: 'crush' literally means to physically smash, but the passage uses it metaphorically in a financial context). SAT Tip: Words in SAT passages are almost always used in their figurative or context-specific sense – pick the answer that fits the surrounding ideas, not the most literal definition.

**Q6.** Which statement about the proposed tax can most reasonably be inferred from the passage?

**Answer: C**

The passage notes that the exact rate has not been announced and quotes a tax lawyer saying clients are 'in purgatory' until details emerge – implying uncertainty itself is driving anger. A is wrong (Trap A: opposite of what the passage says – the rate has \*not\* been announced). SAT Tip: Inference answers must be small logical steps

from the text, never giant leaps; eliminate any option that requires information the passage doesn't provide.

**Q7.** The passage suggests that Ken Griffin's reaction to Mamdani's video is:

**Answer: B**

Griffin explicitly references 'the trauma I went through in Chicago' and links Mamdani's action to his decision to 'double down' on Miami, where Citadel moved four years ago. C is wrong (Trap C: many leaders criticise the tax, but Scott Bok is quoted saying it isn't enough to drive people out – they don't all agree). SAT Tip: 'Every,' 'all,' and 'none' are red flags in answer choices – if even one counterexample appears in the passage, the absolute option is wrong.

**Q8.** The author's tone when reporting the billionaires' complaints is best described as:

**Answer: C**

The author quotes both critics ('shameful,' 'crush,' 'chilling impact') and skeptics ('rounding error,' 'not going to be the thing that drives people out'), without endorsing either side. B is wrong (Trap B: the passage uses critical-sounding language, but those are quoted sources, not the author's own voice). SAT Tip: To find an author's tone, ignore the tone of quoted speakers – focus only on the narrator's word choices and how they frame each side.

**Q9.** Which statement about the relationship between political symbolism and economic behaviour can most reasonably be inferred from the passage?

**Answer: A**

The passage shows that a video – pure symbolism – caused 20% of Corcoran agents to report paused deals, even though the tax itself is described as financially manageable. B is wrong (Trap C: this matches a common economics-textbook claim about rational behaviour but is directly contradicted by the passage). SAT Tip: When an inference question contrasts ideas, look for the option that captures the \*tension\* the passage describes, not the cleaner textbook version of either side.

**Q10.** Which choice provides the best evidence for the answer to the previous question?

**Answer: B**

Option B directly shows symbolic political action (the announcement) producing measurable economic behaviour (deals pausing) – exactly the link Question 9 asks about. A is wrong (Trap B: it uses passage facts, but the scope of the tax doesn't speak to symbolism vs. economics). SAT Tip: On evidence-pairing questions, first restate your previous answer in your own words, then pick the quote that most directly matches \*that\* sentence – not just any quote that sounds related.