

The Financial Line-up

Financial Planning, News, and Tax Tips for Professional Athletes

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“NFLPA Director: Likely No Cap for 2010 Season

By Associated Press

NFL Players Association executive director DeMaurice Smith sent a memo to players and their agents telling them it is likely no new collective bargaining agreement will be reached and the upcoming season will be played without a salary cap.



"While we are doing all that we can to reach a fair agreement with the NFL before the start of the 2010 league year," Smith wrote, "it appears likely that no new CBA will be reached and the 2010 season will be uncapped."

Smith said the union's most recent proposal contains an offer to keep the current capped system for another year to allow both sides to continue negotiations.

"It is our view that obtaining an extension to the CBA prior to the uncapped year is in the best interest of both the players and the owners," Smith wrote.

"However, the terms of any CBA extension must allow for players to get their fair share of NFL revenues while at the same time address the owner's issues in such a way as to allow them to continue to grow the game of football."

No salary cap means richer teams could far outspend others for free agents. That could affect the number of opportunities for more than 200 players scheduled to become unrestricted free agents.

Smith closed the memo by asking players and agents to keep the NFLPA updated on their individual contract negotiations, it will allow us to be informed of the trends in the market for player services.

The Jock Tax: State and Local Income Taxation of Professional Athletes

By NFLPA

Most NFL players pay income taxes in the city and state where they live and where their NFL club is located. But all NFL players are paid for playing football games both at home and on the road in other NFL cities. Recently, many NFL cities, and the states in which they're located, began taxing NFL players for income earned while playing games within their borders. This tax on non-resident professional athletes is known as the "Jock Tax."

States have long asserted the right to tax income earned within their borders, but the soaring incomes of professional athletes over the past 20 years have made enforcing such rights more significant. Many cities and states view taxing the high salaries of NFL players and other professionals as an easy way to generate additional tax revenue to help reduced budget deficits and cure other fiscal woes. For example, the city of Cincinnati expects its 2.1% Jock Tax to raise approximately \$750,000 for the city annually. Because it is easy for taxing authorities to track which teams and athletes visit their locale, the Jock Tax is given special significance over similar taxes imposed on other non-resident professionals.

Most cities and states that tax visiting athletes base the tax on what are known as "duty days," which are defined as the number of days an athlete is actually earning his salary in that locale. Typically duty days include off-season conditioning, training camp, practice, travel (see back)



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and game days. Most states consider an NFL game to constitute two duty days because teams arrive on Saturday for Sunday games and leave Sunday. Some jurisdictions use the “games played” method of allocation which only counts game days. The Jock Tax is based on a player’s gross personal service income and may include income derived from performance bonuses, endorsements, and appearances which are attributable to that jurisdiction. Clearly, the jock tax can be very burdensome on professional athletes particularly those who play in numerous states and cities every year. It is not uncommon for athletes to file income tax returns in 15 different jurisdictions each year. Accordingly, it is important to avoid double taxation.

In order to avoid being taxed on the same income twice—once by the resident state and once by the non-resident state—NFL players may file for a tax credit in their resident state for taxes paid under another state’s Jock Tax. Of course, some states don't have an income tax at all. Players who live and play for teams in Texas or Florida (for example) are not taxed on home games, but are taxed for road games in states with a Jock Tax.

See table below for specific information regarding duty days

JURISDICTION	WHAT CONSTITUTES A DUTY DAY	INJURED PLAYERS
Arizona	One duty day for each day after the first regular season game when player renders services for the team in the jurisdiction	Taxed if injured player performs services in the jurisdiction
California	One duty day for each day a game is played in California	Taxed if injured player performs services in the jurisdiction
Cincinnati, Kansas City, Philadelphia, and St. Louis	One duty day for each day a player spends rendering services for the team in the jurisdiction	Taxed if injured player performs services in the jurisdiction
Cleveland	Apportions Player income based games played and not duty days	All players employed by the team and on the team’s roster are subject to the tax
Colorado, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania and Wisconsin	One duty day for each day a player spends rendering services for the team in the jurisdiction	Taxed if injured player performs services in the jurisdiction
Pittsburgh	One duty day for each day a player spends rendering services for the team in the jurisdiction	Players on disabled list not taxed

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