

Professional Athlete Multi-State Tax Guide

How the "Jock Tax" works, which states will come after your income, and how to protect every dollar you earn on the road.

MLB • NBA • NFL • NHL • MLS

MINOR LEAGUES

ENDORSEMENTS

AGENT & MEDIA INCOME



Professional athletes can owe taxes in 10–20+ states per year. Most miss filings — and states are aggressively auditing athlete returns.

If you play professional sports, **every state where you play a game, practice, or appear for a sponsor wants a piece of your income**. Known as the "Jock Tax," most states and many cities impose income tax on non-resident athletes based on the days spent earning income there. Without a proactive multi-state strategy, you risk underpayment penalties, interest, and surprise tax bills — often years after the fact. This guide breaks down exactly how it works and what you should do.

How the "Jock Tax" Works

The Duty Day Method — How States Calculate Your Tax

What is a "Duty Day"?

A duty day is any day you are required to perform services for your team — game days, practice days, travel days, media obligations, training camp, preseason, playoffs, and mandatory appearances all count. States tax you on the percentage of duty days spent within their borders.

What Income Gets Taxed?

States generally tax your *entire compensation package* — salary, signing bonuses (often prorated), roster bonuses, and performance incentives. Endorsement income earned in that state may also be taxable as separate non-resident income.

$$\text{State Tax} = (\text{Duty Days in State} \div \text{Total Duty Days}) \times \text{Total Compensation} \times \text{State Tax Rate}$$

 **Example:** An NBA player earns \$3,000,000 and has 180 total duty days. He plays 4 games in California (4 duty days). California taxes him on $4/180 \times \$3,000,000 = \$66,667$ of income at California's top rate of 13.3% — a California tax bill

of ~\$8,867 from those 4 games alone.

State Tax Landscape

STATE	TOP RATE	JOCK TAX?	KEY NOTES FOR ATHLETES
California	13.3%	AGGRESSIVE	Highest rate in the nation; taxes signing bonuses on pro-rata basis; actively audits athletes
New York	10.9%	AGGRESSIVE	State + NYC city tax (3.876%) if games played in NYC; separate filings may be required
New Jersey	10.75%	AGGRESSIVE	Applies to income earned within NJ; many NY teams play in NJ (e.g., Giants, Jets, Devils, Red Bulls)
Oregon	9.9%	STANDARD	Applies duty day method; Portland city tax may also apply
Minnesota	9.85%	STANDARD	Applies to non-resident athletes; all duty days tracked carefully
Ohio	3.99% state + local	STANDARD	Municipal taxes can add significantly; Columbus, Cleveland, Cincinnati all have city taxes
Illinois	4.95%	STANDARD	Flat rate; Chicago may also assess city taxes on non-residents
Texas	0%	NO STATE TAX	No state income tax; major benefit for players on Houston, Dallas, or San Antonio teams
Florida	0%	NO STATE TAX	No state income tax; Miami, Orlando, Tampa teams benefit significantly
Nevada	0%	NO STATE TAX	No state income tax; Las Vegas teams (Raiders, Golden Knights, Aces) offer major advantage
Tennessee	0%	NO STATE TAX	No earned income tax; Nashville Predators, Titans players benefit; visiting teams still owe their home state
Washington	0%	NO STATE TAX	No state income tax; Seattle-based teams; note: WA capital gains tax applies to investments

⚠️ City Taxes Are Commonly Missed: Several major cities impose their own non-resident income taxes on athletes playing within city limits – including New York City, Philadelphia, Cleveland, Columbus, Cincinnati, Detroit, and Kansas City. These can add 2–4% on top of state taxes and are a common audit trigger.

Home State Residency Strategy



Establish Domicile in a No-Tax State

- Many athletes establish domicile in FL, TX, or NV
- Must spend significant time there (183-day rule as a guideline)
- Maintain genuine ties: driver's license, voter registration, bank accounts
- Purchase or lease primary residence there
- Medical providers, church, community ties matter

Domicile ≠ just having a home there. States like CA and NY aggressively challenge "convenience" domicile changes.



The Residency Audit Risk

- High-tax states scrutinize athletes who "move" away
- CA & NY use phone records, social media, and travel data
- Credit card and bank records show where you actually live
- Team contracts and schedules are subpoenaed
- Audit lookback period can be 3–7 years

If you claim FL residency but spend 6 months in CA, California may still assess full-year resident tax.



Credit for Taxes Paid to Other States

- Your home state usually allows a credit for taxes paid to other states
- Prevents true double taxation – but not always dollar-for-dollar
- Rate differentials matter: if home state is 5% and you paid CA 13.3%, you may owe nothing extra to home state
- Credits must be carefully calculated and documented

The credit calculation differs by state – this is one of the most complex parts of athlete tax returns.



International Athletes & Treaties

- Foreign athletes on US teams are subject to US federal tax
- Tax treaties may reduce withholding on certain income
- FIRPTA applies to real estate sales by non-residents
- FBAR & FATCA filing requirements for foreign accounts over \$10K
- Return of income to home country may create dual tax obligations

International athletes should work with a CPA experienced in treaty positions and ITIN requirements.

Endorsement & Appearance Income

 **Endorsement income is treated differently than game-day compensation.** It is generally allocated to the state where the services were performed (e.g., where the commercial was filmed, where the signing appearance occurred), not split by duty days. This means a single commercial shoot in California could create a California non-resident filing obligation – even if you live in Texas.



Photo & Video Shoots

Income allocated to where the shoot occurred. Keep records of filming location and date for every project.



Autograph Signings & Appearances

Taxable in the state where the event takes place. Even one-day appearances create filing obligations.



Broadcasting & Media

Radio/TV/podcast income taxed where the broadcast originates or where you were physically located when recording.

Your Step-by-Step Action Plan

01 Track Every Duty Day in Real Time

Use a calendar app or spreadsheet to log every day you work, including the state you were in. Your team's schedule is a starting point, but travel and practice days must be added.

02 Establish & Document Your Domicile

If you live in a no-tax state, build a paper trail: state ID, voter registration, bank statements, club memberships, utility bills, and medical/dental providers all in that state.

03 Retain All Contracts & Deal Memos

Keep copies of your player contract, all endorsement agreements, appearance contracts, and any amendments. These are the foundation of your tax return and any future audit defense.

04 Work With a Multi-State Tax Specialist

A generalist CPA is not equipped for professional athlete returns. You need someone who files 10-25 state returns annually, understands duty day methods, and tracks state law changes.

05 Make State Estimated Tax Payments

Some states (especially CA) require estimated payments during the year. Failure to pay can result in underpayment penalties even if you file correctly in April.

06 Review Prior Years for Missed Filings

If you've been playing for years without filing in all states where you played, consider a voluntary disclosure or amended returns. Getting ahead of it is far cheaper than a state-initiated audit.

Critical Records to Maintain



Daily Travel Log

Date, state, and reason for being there.
Every single day of the season.



Team Schedule & Contracts

Full-season schedule, all amendments, and the complete player contract.



Flight & Hotel Records

Boarding passes, hotel receipts, and any travel booked independently of the team.



All Endorsement Agreements

Location of shoots, appearance dates, and payment records for every deal.



All W-2s & 1099s

From the team, agents, sponsors, leagues, broadcast partners, and platforms.



Domicile Evidence

Utility bills, bank statements, voter card, driver's license — all in your home state.

Don't leave your tax filings to chance.

Maddox-Burton, PA specializes in strategic tax planning for professional athletes. We handle multi-state filings, residency planning, and audit defense — so you can focus on your game.

Maddox-Burton, PA

Strategic Tax Planning

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