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Robert W. Wood THE TAX LAWYER

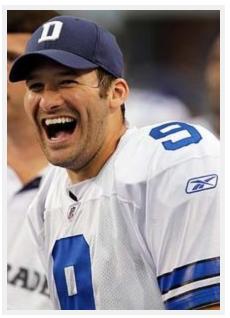
TAXES 4/04/2013

Dallas QB Tony Romo Collects Top Pay In NFL -- After Tax

Want proof nearly everyone in America is focused on taxes? Consider sports. We no longer care which NFL player gets the highest pay. We only care who makes the most **after taxes!** Now, the answer is Dallas Cowboys quarterback <u>Tony Romo is new</u> <u>highest paid NFL player after taxes</u>.

Romo signed a 6-year \$108 million contract extension to stay in Dallas. That works out to about an \$18 million a year paycheck, making him the <u>fifth highest paid player</u>. Amazingly, though, it ranks him as the highest paid bar none **after** taxes. Tax impact alone leapfrogged Romo from fifth to first in pay. Not bad.

Although some might prefer to live outside Texas, it is hard to argue with no state income tax. The most highly paid athlete in the NFL was previously New Orleans Saint Drew Brees.



Tony Romo of the Dallas Cowboys celebrates on the sidelines in the final seconds of the game against the Buffalo Bills at Cowboys Stadium on Nov. 13, 2011 in Arlington, Texas. The Dallas Cowboys beat the Buffalo Bills 44-7. (Image credit: Getty Images via @daylife)

Analysts put Romo about three quarters of a million dollars ahead of Brees each year just because of state taxes. Perhaps Texas Governor Rick Perry should tap Romo for his next come-ondown-to-Texas tour? Governor Perry toured <u>California</u> to entice business owners to move. Mr. Perry was roundly criticized for trying to lure tax-laden Californians with the promise of Texas' business friendly and tax-savvy lifestyle.

Of course, Mr. Perry's tax-time tour was panned by California's own Governor Jerry Brown, who dismissed the interstate recruiting junket as political gimmickry. See <u>Capitol Alert: Rick Perry declares victory in California trip</u>. In fact, Governor Brown took exception to Perry's brash hustle. Still, businesses and consumers are taking note of California's costs and hassles when Texas seems pristine.

In <u>Best Cities for Good Jobs</u>, Texas did well. <u>Dallas</u> achieved 2.1% job growth and is projected to add jobs at a 2.8% rate through 2019. Houston projects 5year job growth of 2.6% a year. Austin is even better, ranking No. 2 in the nation with an expected 5-year annual growth rate of 3.9%.

Yet in Sacramento, California can ill-afford to lose taxpayers, especially not ones like <u>Phil Mickelson</u>. The golfer still draws fire for daring to mention his high federal and state taxes. See <u>Golfer Phil Mickelson Is Not Alone In Fleeing</u> <u>Taxes</u>. Mickelson later apologized saying he regretted his remarks about his taxes, which were a 'personal matter.' But that apology provoked an(other) outcry from observers who **want** people talking about high taxes. See <u>The</u> <u>Mickelson Vote: Lefty Offends the Lefties</u>.

<u>Tiger Woods</u> confirmed said he 'understood' why Mickelson might be planning a move from California to Florida or another no tax state. See <u>Tiger</u> <u>Woods admits he left California because of tax rates</u>. In fact, more players will want to play in states where they will avoid a big tax sting. Some teams might even seek to relocate to one of these states.

Robert W. Wood practices law with <u>Wood LLP</u>, in San Francisco. The author of more than 30 books, including Taxation of Damage Awards & Settlement Payments (4th Ed. 2009 with 2012 Supplement, <u>Tax Institute</u>), he can be reached at <u>Wood@WoodLLP.com</u>. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.