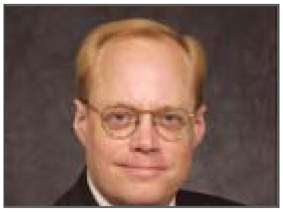

Robert W. Wood

THE TAX LAWYER

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Everything's Big In Texas But Taxes---Online Tool Compares Yours State-By-State

Texas Governor 's signature. (Photo credit: Wikipedia)

Texas Gov. Rick Perry is at it again, encouraging Americans to pick up stakes and move to Texas. There's no Texas income tax, he coaxes. Businesses and their employees can live large with no state income tax.

Gov. Perry is travelling the country touting the advantages of living in the Lone Star State. First it was California, riling California's Gov. Jerry Brown with attempts to lure money from the Golden State. Now it's Maryland. See Gov. Rick Perry to visit Maryland with pitch for Texas.

But some comparisons are nuanced. While California taxes are sky high, some other states are harder to call. The online calculator at whynotmove.net allows you to compare your personal tax burden state to state. Texas fares well on income tax, but its sales and property taxes are less attractive. There's a tax trade-off.

We're told that Texas dominates the best cities for good jobs. It has a favorable regulatory climate for business, more moderate housing and other costs. In a survey of the Best Cities for Good Jobs, Dallas achieved 2.1% job growth in 2012 and is projected to add jobs at a 2.8% rate through 2019.

Houston was projected to have 5-year 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%. And tax rates? If you are Phil Mickelson or Tiger Woods and can live anywhere, a no tax state like Texas, Nevada or Florida must seem pretty alluring.

After Phil Mickelson's gaffe about taxes, Tiger Woods confessed that the Tiger himself had left California in part over high tax rates. See Tiger Woods admits he left California because of tax rates. Since then, California tax rates have risen significantly, now boasting a top 13.3% rate. Understandably, such changes are causing people to think critically about where to live.

Determining Residency. If you move, it pays to plan ahead and create a good record. Your old state may try to tax you even after you've left. Some states have presumptions based on your time there, but most state tax authorities and courts examine many connections. You may be a resident even if you also have substantial connections with another state. Consider such factors as:

- The amount of time in versus out-of-state;
- The location(s) of your spouse and children;
- The location of your principal residence;
- The state that issued your driver's license;
- Where your vehicles are registered;
- Where you maintain any professional licenses;
- Where you are registered to vote;
- The location of banks where you have accounts;
- The location of doctors, dentists, accountants, and attorneys;
- Where your church, temple, professional associations, social and country clubs are located;
- Where you are employed;
- The location of your real property and investments;
- The location of your business interests;
- Where your children attend school;
- Where you file tax returns;

- If you claim a homeowner’s property tax exemption;
- Any official statements of residency (such as on a federal tax return); and
- Any listings in state directories (phone, professional, etc.).

If you are toying with moving get some good professional advice and don’t assume every tax rule is logical. It isn’t.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.