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Taxing Stephen King, Taylor Swift And Phil Mickelson

Everyone has to pay taxes, and yet no one especially wants to showcase their taxes to the public. Taxes are private between the taxpayer and the government, or at least they are supposed to be. If you claim that deduction, you have to be prepared to prove you are entitled to it to the IRS. But you shouldn't have to justify it to your neighbors or on TV. And yet, taxes can sometimes appear to be a spectator sport.

If you are a loved and admired figure, it can be pretty daunting. And that is what happened to Stephen King, a famous Maine resident whom Maine Governor Paul LePage implied had moved out of Maine because he didn't want to pay state income taxes. LePage made the comments in a radio address in which he was pushing a tax overhaul plan. The governor argued that famous residents were leaving the state because the income tax was too cumbersome, the [Portland Press-Herald](#) reported.

"Meanwhile, remember who introduced the income tax here in Maine," LePage said. "Well, today former Governor Ken Curtis lives in Florida where there is zero income tax. Stephen King and Roxanne Quimby have moved away, as well." But the Governor's comments backfired, with the author demanding an apology.

Although King winters in Florida, he says he is happy to pay his Maine taxes, which provide public services. He reportedly is still waiting for the Governor to apologize. And while King seems the victor, not everyone who says something about taxes comes off as nicely. Take golfer Phil Mickelson, who triggered a firestorm over California taxes several years ago. When California [raised tax rates to 13.3% from 10.3% for those making more than \\$1 million](#)—retroactively—Mickelson said he would have to make some “drastic changes.”

He even suggested that taxes were one of the reasons he withdrew from the investment group buying San Diego’s Padres. “There are going to be some drastic changes for me because I happen to be in that zone that has been targeted both federally and by the state and, you know, it doesn’t work for me right now,” [Mickelson said](#) after his T37 finish at the Humana Challenge in Palm Springs, California.

Tiger Woods came to his defense, noting that he had also left California for Florida. Professional athletes and entertainers face a dizzying array of tax laws. Most states and countries tax them when they perform or play in their boundaries. Foreign athletes and entertainers must file U.S. income tax returns and face [special withholding rules](#). What is considered U.S.-source can be debated but includes pay for performances, endorsements, merchandise sales, and royalty or other income closely related to the event.

But when you are a resident—as Mickelson is of California—you get taxed on *everything*. Most PGA Tour players live in no-tax states like Florida or Texas. Yet many who leave will find it’s not as easy to escape California’s clutches as they thought. A California resident is anyone in the state for other than a temporary or transitory purpose. See [FTB Publication 1031](#).

Plus, it includes anyone domiciled in California who is outside the state for a temporary or transitory purpose. The burden is on you to show you’re *not* a Californian. Besides, even if you successfully shed your state’s residency, some income could still be taxed by your former state.

Of course, if you are *really* famous, you might end up with a tax named after you, as could happen to Taylor Swift. The governor of Rhode Island Gina Raimondo has called for a proposed luxury tax for pricey second homes. It has been called the Taylor Swift tax. The idea is to implement a statewide property tax on second homes worth more than \$1 million. Grammy winner Swift has a beachfront mansion in Westerly, Rhode Island that fits the ticket.

And you can’t exactly move a mansion. The Governor is purely trying to raise revenue, but notes that even with a higher property tax bill, Rhode Island homes are a comparative bargain. Just think how much it would be worth in California.

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