Forbes



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Jan. 23 2013

Tiger Woods Moved Too, Says Mickelson Was Right About Taxes

Phil Mickelson probably wishes he hadn't mentioned his high federal and state taxes. See <u>Golfer Phil</u> <u>Mickelson Is Not Alone In</u> <u>Fleeing Taxes</u>. When a high income earner mentions high tax burdens, it's likely to rub someone the wrong way and come off like sour grapes, no matter how deftly he says it.

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If the high tax complaint



Tiger Woods and Phil Mickelson wait on the 7th hole tee during the final round of the AT&T Pebble Beach National Pro-Am on Feb. 12, 2012 in Pebble Beach, CA. (Image credit: Getty Images via @daylife)

comes from someone who has a lot, it may especially inflame some onlookers. If the speaker is someone people admire, even more. And even more if some people assume (rightly or wrongly) that what they do to earn that big paycheck might actually be fun.

Anyhow, I'll bet that now Phil Mickelson thinks golfing is easier than talking about taxes. His measured remarks provoked an outcry so Mickelson apologized, saying he regretted making remarks about his taxes which were a 'personal matter.' But that apology then provoked an outcry from some observers who *want* people talking about high taxes. See <u>The Mickelson Vote: Lefty Offends the Lefties</u>.

Mickelson may be worth \$73 million, but he likely won't talk taxes again. He'll just act. And if he does, he might be more like Tiger. See <u>Tiger</u> <u>Woods admits he left California because of tax rates</u>. That's right, Woods —worth \$600 million—has confirmed that he 'understood' why Mickelson might be planning a move from California to Florida or another no tax state.

In fact, Woods went beyond that and confessed that he left California in the mid-nineties in part over the Golden State's high tax rates. That was long before California passed big new tax increases in November 2012 that were retroactive to January 1, 2012. The state's Proposition 30 increased state tax rates for those earning \$250,000 to \$300,000 a year to 10.3%, up from 9.3%.

For \$1 million-plus-earners, California's rate is 13.3%, up from a prior top rate of 10.3%. By comparison, the combined state and local top rate in New York is 12.7%. Combined with federal rates and even sales taxes, the mix is causing some even outside the professional sports stratosphere to think critically about where to live.

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</u> <u>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.