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*By Kelley R. Taylor, Kiplinger Consumer News Service (TNS)*

NBA finals Game 2 is in the books, and many people who tuned in to see the Miami Heat tie the series with the Denver Nuggets are probably *not* wondering what a jock tax is. But the NBA Finals—and other sporting events—are connected to taxes in a big way. That's partly due to a lucrative income tax imposed by all but five states known as the “jock tax.” And professional athletes aren't the only ones affected by the tax. Individuals who travel to work with sports teams, and earn income in different states, pay, too.

# What is the jock tax?

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to Chicago, and other states followed suit.

- The concept was that athletes and staff who earn income while visiting a state should be subject to income tax in that state. The jock tax continues to be a lucrative source of revenue for states that impose it.

## Who pays the jock tax: \$1.4 million for Nikola Jokić

You may have heard or read that two-time NBA MVP Nikola Jokić (Denver Nuggets center) took home only about 51% of his \$46.9 million annual salary in part due to jock taxes. (Essential Sports reported that Jokić could pay \$1.4 million in jock taxes this year.)

Stephen Curry of the Golden State Warriors is another example. Curry's home state is California, but like other athletes, Curry travels to play in numerous states each season. (Reportedly, in 2018 Curry paid jock taxes totaling about \$1 million for playing in more than 20 states).

But athletes aren't the only ones who pay so-called jock taxes.

- Anyone connected to a professional or semiprofessional team who earns money while visiting another state can be subject to the tax.
- For example, that would include trainers, coaches, physicians, etc., associated with teams who travel to multiple states to work at games.

The jock tax can sometimes be hard to determine because base and bonus income can both be subject to the tax. The calculation formula can also vary by sport. But overall, the amount of jock tax paid considers factors like the number of games played in the states or cities involved, the total annual compensation the athlete receives, and the applicable income tax rate from the nonresident state or city.

**Note:** The idea behind the jock tax doesn't only apply in sports contexts. Earning

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include Cleveland, Kansas City, Philadelphia, and Detroit. But some states don't have a jock tax, including Florida, Nevada, Texas, Washington, and Tennessee. (It's no coincidence that those are five of nine states with no personal income tax.)

**Are jock taxes legal?** Jock taxes have faced legal challenges from players over the years. In Ohio in 2016, the state's Supreme Court struck down a "games played" formula used to calculate the tax in Cleveland. In 2022, a local court judge struck down Pittsburgh's city jock tax, calling it a discriminatory tax that violated the state's constitution. However, as of now, the jock tax stands in most states. So, athletes and others impacted by the tax should engage in ongoing tax planning with trusted financial and tax professionals.

And, in case you're wondering, the jock tax isn't the only tax levied on the athlete and team staff income. Federal income taxes and home-state income taxes must be paid as well.

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