



'Jock Tax' Is Poor Sportsmanship

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We were all heartbroken when the Cardinals lost the playoffs to the Astros. Losing hurts, especially when the stakes are as high as they were last month. Still, most of us know the difference between a game and real life. We teach our kids that however much we may hate losing, that doesn't make it ok to lash out at the other team or at officials. Good sports are fierce competitors on the field, but they're also friendly and respectful of others after the game.

Rep. Jeffrey Roorda (D-Barnhart), it seems, never learned that lesson. He blames the Cardinals' loss on bad decisions by the umpires, and he's decided to express his frustration through legislation. He wants to extend the state's athletes and entertainers tax--some call it the "jock tax"--which levies taxes on out-of-state athletes who play away games in Missouri, to include the umpires as well.

His proposal isn't just bad sportsmanship, it's bad public policy too. For that matter, the "jock tax" itself is ill-conceived. It's burdensome, unfair, and adds practically nothing to the state's bottom line. Instead of expanding it, the legislature should be working to eliminate it.

The first "jock tax" was levied by the state of California to punish Michael Jordan for the Chicago Bulls' defeat of the Los Angeles Lakers in 1991. The next year, Illinois retaliated with a tax of their own, which local papers called "Michael Jordan's revenge." Other states jumped on the bandwagon. A 2004 survey by the Tax Foundation found that 20 of the 24 states with professional sports teams now levy income taxes on the employees of professional sports teams.

The result has been a paperwork nightmare for the employees of professional sports teams. The taxes were intended to target the wealthiest athletes, but state tax officials send tax returns to everyone on the team's payroll who travels to the state. That includes lower-paid athletes, assistant coaches, scouts, and trainers, many of whom have quite modest incomes. Many employees are forced to file more than a dozen income tax forms, each with a different tax rate and a different set of complicated rules. Of course, Albert Pujols can afford to hire an accountant to deal with all that paperwork, but to a scout making \$25,000 a year, it's a significant expense, not to mention a major headache.

Moreover, it's unfair to single out athletes when other traveling professionals--many of them with earnings comparable to those of professional athletes--generally don't pay income taxes to the states they visit. Doctors and lawyers often make as much as football players, and corporate executives can make quite a bit more. Yet they are free to travel on business without filling out a new tax form every time they cross a state border. Moreover, although professional athletes enjoy high salaries in their 20s, their short careers mean that their lifetime earnings can be much lower than other high-wage professions.

The irony is that on net, "jock taxes" actually generate very little revenue. Missouri's gross revenues from the tax are about \$20 million, which amounts to three-tenths of one percent of the state's budget. But Missouri athletes who pay other states' jock taxes are able to subtract those tax payments from their Missouri tax bills. When you subtract the revenue lost from other states' jock taxes, the result is practically a wash. If all 20 states repealed their jock taxes simultaneously, states would get virtually the same revenue with a lot less administrative overhead.

States need to put an end to this pointless arms race. Ideally, the Missouri legislature should take the high ground and simply repeal the tax. But if legislators are concerned about unilateral disarmament, here's a compromise: Missouri should exempt from taxation any visiting athlete whose home state does not tax Missouri's athletes. That would give other states an incentive to pass similar laws, without allowing other states to take advantage of us.

At the very least, the legislature should reject ill-considered plans to extend the taxes to additional workers, such as umpires, whose salaries are nowhere near those of superstar athletes. Any good high school baseball coach will tell his players that the players on the away team are their guests and should be treated with respect and hospitality. Someone

needs to tell that to Rep. Roorda.

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