
Pick and bankroll: Trade to Rockets saves Jeremy Lin over \$1m/year in taxes

By Editor Test *Thu, Jul 19, 2012*

The combined New York State and New York City tax rates are about 12.7% a year. The combined Texas state and Houston city taxes are zero percent per year.

Jeremy Lin, the young Harvard-trained point guard who captured the hearts of New York Knick fans with a two-week burst of on-court heroics last spring, executed a sparkling tax arbitrage play when the Houston Rockets picked up his contract this week.

By moving from an ultra-high tax state to an ultra-low tax state, Lin can expect to pay over \$1 million less a year in state and local taxes on his three-year, \$25.1 million deal with the Rockets than if he'd gotten the same offer from the Knicks, according to Americans for Tax Reform, a Washington-based advocacy group.

As a Knick, Lin was subject to a top state income tax rate of 8.82%, with New York City adding another 3.876%. As a member of the Houston Rockets, he will have no state or local tax burden. At an average salary of \$8,366,667, Lin will save over \$1 million annually in taxes. Endorsement earnings could push the tax savings substantially higher.

The undrafted Lin led the Knicks to wins in his first six starts, and became the first player in NBA history to score 20 points and record seven assists in each of his first five starts. His last-second three-pointer to beat the Toronto Raptors ignited the phenomenon of "Linsanity" among Knick fans. Texas may soon become known as the Lin Star State.

NY vs TX taxes on Jeremy Lin's \$8.4m salary	
New York State tax burden/year	\$323,034
New York City tax burden/year	\$717,382
Texas state tax burden	\$0
Houston city tax burden	\$0
Total Income Tax Burden	\$1,040, 416