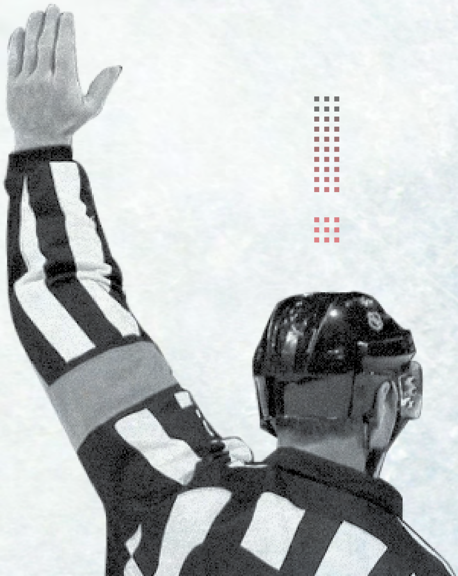

MAJOR PENALTY FOR HIGH TAXES

How high income taxes drive NHL players and other high-income earners to lower tax jurisdictions

Jeff Bowes
Research Director
Canadian Taxpayers Federation
September 2015

Taxpayer.com
Stand Up. Be Heard!

AMERICANS for TAX REFORM
ATR

ABOUT THE CANADIAN TAXPAYERS FEDERATION

Taxpayer.com
Stand Up. Be Heard!

The Canadian Taxpayers Federation (CTF) is a federally incorporated, not-for-profit citizens' group dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national taxpayers organization. Today, the CTF has 84,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (SK and MB), Ontario and Atlantic. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians and organize petition drives, events and campaigns to mobilize citizens to affect public policy change. Each week CTF offices send out Let's Talk Taxes commentaries to more than 800 media outlets and personalities across Canada.

Any Canadian taxpayer committed to the CTF's mission is welcome to join at no cost and receive issue and Action Updates. Financial supporters can additionally receive the CTF's flagship publication, The Taxpayer magazine, published four times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board and representatives are prohibited from holding a membership in any political party. In 2014 the CTF raised $4.2 million on the strength of 23,526 donations. Donations to the CTF are not tax deductible as a charitable contribution.

ABOUT AMERICANS FOR TAX REFORM

Americans for Tax Reform (ATR) opposes all tax increases as a matter of principle.

We believe in a system in which taxes are simpler, flatter, more visible and lower than they are today. The government's power to control one's life derives from its power to tax. We believe that power should be minimized.

ATR was founded in 1985 by Grover Norquist at the request of President Ronald Reagan.

The flagship project of Americans for Tax Reform is the Taxpayer Protection Pledge, a written promise by legislators and candidates for office that commits them to oppose any effort to increase income taxes on individuals and businesses. Since ATR first sponsored the Pledge in 1986, hundreds of U.S. Representatives, more than 50 U.S. Senators and every successful Republican presidential candidate have all signed the Pledge. In the 114th Congress, 221 U.S. Representatives and 48 U.S. Senators have taken the Pledge never to vote for a net tax increase.

Americans for Tax Reform began promoting the Taxpayer Protection Pledge on the state level in the early 1990s. ATR works with state taxpayer coalitions in all 50 states to ask candidates for state legislature and constitutional office to sign the State Taxpayer Protection Pledge, which reads: "I _____ pledge to the taxpayers of the __________ district, of the state of __________, and to all the people of this state, that I will oppose and vote against any and all efforts to increase taxes."

Additionally, Americans for Tax Reform works with state-based center-right groups to help replicate ATR's national Wednesday Meeting in the states. Currently, there are more than 60 meetings in 48 states. These meetings bring together a broad cross-section of the center-right community taxpayer groups, social conservative groups, business groups, legislators, etc., to promote limited government ideals.

ATR is a nonprofit, 501(c)(4) taxpayer advocacy group. Contributions to Americans for Tax Reform are not tax deductible. The Americans for Tax Reform Foundation is a 501c(3) research and educational organization. All contributions to the Americans for Tax Reform Foundation are tax deductible to the extent provided for in federal law.

TABLE OF CONTENTS

Canadian Taxpayers Federation
803-116 Albert St.
Ottawa, ON K1P 5G3

Americans for Tax Reform
E 722 12th St NW
Suite 400
Washington, DC 20005

ABOUT THIS REPORT

National Hockey League teams look for any advantage they can get. Getting the right player for the right price can make a big difference when planning for a playoff run – even if it's a few years away for your team. Teams can draft and trade for a lot of great players, but some of the players you need might be free agents or have contracts that give them veto rights over which teams they can be traded to. In such cases, hopefully they want to play for your team.

Players want to play for certain teams for a lot of reasons; the weather, the coach, the other players on the team … but they also consider the taxes they will have to pay. Like everyone else, NHL players don't just care about how much they get paid, but how much they get to keep. High taxes might prevent your team from getting that key player it needs, but they also stop other high income earners from moving to your city.

You may not care how well your local NHL team does (although you probably do) but you definitely care about getting the best doctors, engineers and entrepreneurs to move to or stay in your city. Highly mobile workers or players want to keep their salaries, not have them taxed away. In America, people often move from high-tax states such as California and New York to low-tax places, including Texas and Florida. In Canada there is a massive migration from the high-tax provinces in the east to the low-tax provinces in the west. All kinds of people choose to move but high-income people's skills are in demand, so they are even more likely to move to a lower-tax jurisdiction.

What players, and other workers, care about is their take-home pay. If they are moving to a new jurisdiction and the taxes are going to be a lot higher, they want to be paid more. The NHL's salary cap intensifies this effect. The salary cap limits how much teams can pay. Very few players were affected by the $13.8-million cap on individual salaries but the best teams were very close to the team cap of $69 million. That means for most teams every salary negotiation includes considering how it affects their cap space.

The salary cap limits the ability of a wealthy team in a high-tax jurisdiction to attract top players by paying them more. The advantage of attracting players with higher pay shifts from wealthy teams to teams in low-tax jurisdictions. So far this hasn't meant league domination by low-tax teams, but taxes are just one of many factors that determine the success of a team. In fact, perhaps struggling teams with a low-tax advantage would be even worse without it.

Cities with the highest taxes will struggle to attract the most talented workers; this is true for NHL players but it's also true for all other high-income, highly mobile workers. NHL players can only move to a team that wants to hire them and there are only 30 teams. Other highly skilled workers have many more opportunities. They can choose to move wherever they want in the country and a lot of them are choosing to keep more of their hard-earned money by moving. Low taxes mean a competitive economy and might mean a more competitive NHL team too.

METHODOLOGY AND LIMITATIONS

This report estimates the income taxes and payroll taxes of NHL players. To do this we simplified the tax calculation and only included a personal deduction (no spousal or child tax credits). The calculations also don't include deductions or tax credits for mortgage interest, retirement savings, donations to charities or anything else.

The tax calculations assume players are residents of the city where the team is located and include the federal, state/province and city taxes that residents pay. The taxes include all income taxes and federal payroll taxes. In the United States that means the Federal Insurance Contributions Act (FICA) taxes for Medicare and Social Security. In Canada, it includes Employment Insurance taxes and Canada Pension Plan contributions.

The income tax calculations exclude "jock taxes," which are additional income taxes charged by some American states on visiting players. Players may or may not be entitled to a tax credit in their home jurisdiction for the jock taxes paid elsewhere. Jock taxes make players' taxes incredibly complicated — players may need to file more than a dozen tax returns.

Taxes were calculated using the salaries paid to players for the 2014-15 season using 2015 tax rates. The salaries used are for players on the team's active roster; they exclude retained salaries, buyouts and contracts outside of the NHL.

For three teams we used the 2016 tax rate. For a lot of jurisdictions the exact tax rate in 2016 isn't known but for these three teams we know about significant changes. In Alberta a tax increase will be implemented in October. This needs to be accounted for because it dramatically changes the tax rates for the Calgary Flames and Edmonton Oilers. The tax increase for the New York Islanders is because of their move from Nassau County to Brooklyn. The change involved adding New York City income tax for Islander players. The team is only moving 28 miles, so players won't necessarily sell their homes and move and some players probably already live in New York City, but this report assumes that players live in the tax jurisdiction of the arena.

NHL salaries are in US dollars, but Canadian taxes are in Canadian dollars. We converted the Canadian tax rates to US dollars to account for this at a rate of $1.24 CAD to $1 USD.

Note: The original release of this report over estimated the tax rate for the Montreal Canadiens. The error has been corrected in this version.

1. See the Appendix for a list of NHL team jurisdictions that have 'jock taxes.'

EXECUTIVE SUMMARY

- The American teams with no state income tax have the lowest tax rates in the NHL. In 2015 Dallas Stars, Florida Panthers, Nashville Predators and Tampa Bay Lightning are tied for first at 40.6%.
- Alberta's tax hike jumps the tax rate for the Calgary Flames and Edmonton Oilers from 39.9% to 43.5%, dropping the Alberta teams from the lowest tax jurisdiction to the fifth-lowest.
- The California teams are tied for the highest tax rate at 53.1%. The Montreal Canadiens' tax rate of 49.5% is the highest in Canada
- Dallas Stars, Florida Panthers, Nashville Predators and Tampa Bay Lightning "true cap" (after-tax cap) is a league high of $41 million. With the tax increase, the Calgary Flames' and Edmonton Oilers' true cap is $39 million.
- Having a no-trade contract clause gives players the power to avoid being sent to high tax jurisdictions. Tyler Myers saved the most, at $474,146, by moving from Buffalo to Winnipeg.
- Players without no-trade clauses could suffer a big take-home pay cut when traded to a high-tax jurisdiction. Keith Yandle's trade from Arizona to the Rangers will cost him an extra $364,964.
- 60% of players with some kind of no-trade clause who changed teams picked teams with lower taxes.
- 54% of Unrestricted Free Agents (UFA) who changed teams picked teams with lower taxes. Jaromir Jagr was traded to Florida from New Jersey. At the end of the season he was a UFA and signed a contract extension under which he will pay $460,106 less in tax than he would have in New Jersey. Artem Anisimov was also traded and then signed as a UFA. His move from Columbus to Chicago will save him $392,322.
- Of UFAs who didn't re-sign with a team they were playing for, François Beauchemin saved the most with his move from Anaheim to Colorado, saving him $366,483 in taxes.
- From 2012 to 2013, 16,207 people making more than $200,000 lowered their taxes by moving to Florida, and another 7,315 to Texas. High-tax jurisdictions are losing those high-income individuals, with New York losing 14,756 in one year.
- In the last 10 years 266,520 people moved from the high-tax provinces east of Manitoba to live somewhere else in Canada, and a lot of them moved to low-tax Alberta, which had net interprovincial migration of 248,197.

WHICH TEAM HAD THE BIGGEST HIGH TAX DISADVANTAGE?

In Canada and the United States the more income you make, the higher tax rate you pay. This means that the tax rate for a team will change depending on the salaries it pays. Players making the league maximum of $13.8 million pay a higher tax rate than those making the league minimum $550,000. Some teams have a lot of players on the high end of the pay scale, others have players' pay clustering in the middle. The rate for teams is affected by this since different teams pay different salaries. We created a hypothetical team to compare tax rates and show the tax rate an identical team would pay in each jurisdiction. (Calculation of the 2015 tax rates for the team's true rosters is in the appendix.)

This hypothetical team has 23 players making a wide variety of salaries, from a superstar making the maximum salary of $13.8 million down to a rookie making the league minimum of $550,000[2]. The total team salary is $69 million, which was the salary cap for the 2014-15 season.[3]

With this comparison the Dallas Stars, Florida Panthers, Nashville Predators and Tampa Bay Lightning are tied for the lowest tax rate at 40.6%. These teams are in states with no state income tax. The small increase in the tax rate from 2014 to 2015 is not because of a tax hike, it's because of the increased salary cap.[4]

Calgary and Edmonton are tied for fifth this year with a tax rate of 43.5%. Last year they were on top with a considerably better tax rate of 38.5%. The change is due to an income tax increase by the provincial government. Alberta previously had a flat tax of 10% on income, but starting in October a "progressive rate" income tax is being introduced with a top rate of 15% on income over $300,000.

The California teams are tied for the highest tax rate at 53.1%. The Montreal Canadians have the highest tax rate of all Canadian team at 49.5%.

2. All the salaries other than one player making the maximum and another making the minimum are the same as last year but adjusted by 7.18% which brings the team salary up to the $69-million salary cap.

3. In the 2014 report there was an error in the Columbus tax calculation for this table. The correction moved it from 25th to 18th.

4. Players' higher salaries in 2015 mean that the progressive income tax systems in both the United States and Canada will tax them at a higher overall rate. This slightly increases the tax rate for all teams.

Cap Spending Team Tax Rates

Rank	Team	Rate 2015	Rate 2014	Rank 2014
1	Tampa Bay Lightning	40.6%	40.5%	3 ▲
1	Dallas Stars	40.6%	40.5%	3 ▲
1	Florida Panthers	40.6%	40.5%	3 ▲
1	Nashville Predators	40.6%	40.5%	3 ▲
5	Calgary Flames	43.5%	38.5%	1 ▼
5	Edmonton Oilers	43.5%	38.5%	1 ▼
7	Chicago Blackhawks	44.8%	45.5%	10 ▲
8	Arizona Coyotes	45.1%	45.0%	8 —
9	Vancouver Canucks	45.2%	45.0%	7 ▼
10	Colorado Avalanche	45.2%	45.1%	9 ▼
11	Boston Bruins	45.7%	45.7%	11 —
12	Winnipeg Jets	46.0%	45.8%	12 —
13	Carolina Hurricanes	46.3%	46.3%	13 —
14	Pittsburgh Penguins	46.7%	46.6%	14 —
15	Detroit Red Wings	47.2%	47.1%	15 —
16	St. Louis Blues	47.6%	47.5%	16 —
17	Philadelphia Flyers	47.6%	47.5%	17 —
18	Columbus Blue Jackets	48.3%	48.3%	18 —
19	Bufalo Sabers	48.7%	48.7%	21 ▲
20	Ottawa Senators	48.8%	48.6%	19 ▼
20	Toronto Maple Leafs	48.8%	48.6%	19 ▼
22	Washington Capitals	49.0%	49.4%	25 ▲
23	New Jersey Devils	49.1%	48.9%	23 —
24	Montreal Canadiens	49.5%	49.3%	24 —
25	Minnesota Wild	50.3%	50.2%	26 ▲
26	New York Rangers	52.6%	52.4%	27 —
26	New York Islanders	52.6%	48.7%	21 ▼
28	San Jose Sharks	53.1%	52.9%	28 —
28	Anaheim Ducks	53.1%	52.9%	28 —
28	Los Angeles Kings	53.1%	52.9%	28 —

WHAT DOES THIS MEAN FOR EVERYONE ELSE?

High taxes affect NHL players' decisions on where they want to play and they also affect where other high-income workers want to live. Even the leader of the left-leaning NDP in Canada knows that high incomes taxes are a bad idea. During a 2015 election debate Thomas Mulcair said:

"Look at a province like New Brunswick. They will have a tax rate of 58.75%. Now New Brunswick doesn't have a medical faculty. How is New Brunswick going to be able to attract and retain top level medical doctors when they're going to be told, "Oh, by the way, our tax rate is now going to be close to 60%?[5]"

Thomas Mulcair knows that, at best, high income taxes discourage people from moving to a jurisdiction and at worst, people want to leave.

New York Governor Andrew Cuomo realized the serious harm high taxes were inflicting on New York's economy:

It's this constant competition among the states and if you're not careful you will wind up losing a lot of businesses because the other states are going to be more competitive. START-UP NY is to make up for all the years we were the highest-tax state in the nation and it cost us dearly.[6]

Americans and Canadians are moving from high-tax states and provinces to low-tax states and provinces.

In Canada, people are moving from the high-tax provinces in the east to the low-tax provinces in the west. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario and Manitoba all have seen negative interprovincial migration since 2005 and they also all have higher income taxes. Over the last 10 years, 266,520 people have left those eastern provinces to live somewhere else in Canada, and a lot of them moved to Alberta, which had net interprovincial migration of 248,197 over the last 10 years.[7]

Provincial Net Migration

Province	Migration Since 2005	Tax Rate Ranking at $200,000
Alberta	248,197	1
British Columbia	68,833	2
Saskatchewan	1,985	4
Prince Edward Island	-5,490	8
Newfoundland & Labrador	-10,605	3
New Brunswick	-18,359	6
Nova Scotia	-19,828	9
Manitoba	-47,717	7
Quebec	-90,618	10
Ontario	-121,620	5

5. Mulcair, Tom. Maclean's Debate. Aug. 7, 2015

6. Gov. Andrew Cuomo. Nystateofpolitics.com. Aug. 4, 2015

7. Statistics Canada. Table 051-0017 - Interprovincial migrants, Canada, provinces and territories, quarterly (persons), CANSIM (database). (accessed: 2015-09-01)

Between 2012 and 2013 (the most recent data available) Texas had net positive interstate migration of 152,477. In one year that many more people decided to move to Texas than decided to leave. Florida – another low-tax jurisdiction – had net migration of 73,789.

New York and California both had negative net migration – more people decided to leave those states than move to them – with 113,851 fewer people filing tax returns in New York and 45,955 fewer in California.[8]

This movement is also true if we just look at those making more than $200,000. In Florida net migration by that group was 16,207 and in Texas it was 7,315. High-tax jurisdictions such as New York are pushing away those who make more than $200,000. New York lost 14,756 in one year.

According to the Heritage Foundation, from 2003 to 2013 in the nine states with no state income taxes, total employment grew by 9.9%; in comparison, in the nine states with the highest income tax, total employment only grew by 3.3%.[9]

High taxes cause people to move; that, among other negative effects, leads to lower economic growth.

Tax Foundation economist William McBride reviewed three decades of academic literature and found that the results consistently showed the significant negative effects of high taxes on economic growth. This was after controlling for such factors as government spending, business cycle conditions and monetary policy.[10]

During the 2009 recession even President Barack Obama knew that raising taxes would be bad for the economy:

> *The last thing you want to do is to raise taxes in the middle of a recession because that would just suck up — take more demand out of the economy and put businesses in a further hole.*[11]

State Migration from 2012 to 2013

State	Net	$200,000+ Incomes	Top State Marginal Income Tax Rates
Texas	152,477	7,315	0%
Florida	73,789	16,207	0%
North Carolina	25,911	4,566	5.75%
New Jersey	-35,357	-4,141	8.87%
Illinois	-68,245	-7,554	3.75%
California	-45,995	-2,778	13.30%
New York	-113,861	-14,756	8.82%

8. IRS. 2012-2013 Migration Data. (accessed: 2015-09-01)

9. Moore, Stephen, Arthur B. Laffer, and Joel Griffith. "1,000 People a Day: Why Red States Are Getting Richer and Blue States Poorer." The Heritage Foundation (accessed 2015-09-15)

10. McBride, William. "What Is the Evidence on Taxes and Growth?" Tax Foundation (accessed 2015-09-15)

11. President Barack Obama. Interview with Chuck Todd of NBC News. Aug.5, 2009.

TAX CHANGES

Flames and Oilers

The Flames and Oilers lose their top spot from last year because a tax increase will be implemented starting in October. In 2014, Alberta income taxes were a simple flat rate of 10%. That made it a great place to work. However, in 2015 the flat tax was eliminated and a series of new tax brackets was introduced, with a top rate of 15% on income over $300,000.

That moves Calgary and Edmonton from the best tax jurisdictions to play in to below the American teams with no state income taxes. That moves them from first all the way down to a tie for fifth with a team tax rate jumping from 38.5% to 43.5% in one year.

The full tax increase will be implemented in 2016 so the team will be paying those increased rates very soon. In 2016 it means an extra $219,565 in taxes paid by Jordan Eberle (Oilers), Taylor Hall (Oilers) and Ryan Nugent-Hopkins (Oilers). Dennis Wideman (Flames) will pay an extra $191,440. Teddy Purcell (Oilers), Nikita Nikitin (Oilers) and Jonas Hillier (Flames) will pay an extra $163,315.

Alberta Tax Change

Team	Rank	2014 Rate	Rank with Tax Increase	Rate with Tax Increase
Calgary Flames	1	38.5%	5	43.5%
Edmonton Oilers	1	38.5%	5	43.5%

Islanders Move to NYC

The Islanders will move from Nassau County to Brooklyn next season. Like so many looking forward to the New York City life, Islander players may face an unfortunate surprise in the form of a big tax hike. The team is only moving 28 miles so players probably won't sell their homes and move and some players may already live in NYC. However, living close to the arena will mean paying NYC income tax.

This report assumes that all players live in the tax jurisdiction where their home arena is located, so we have added the NYC income tax to Islanders players' tax calculations. NYC's income tax has a top rate of 3.876% on income over $500,000. As a result, Islanders drop from 20th to 26th tied with the New York Rangers, after an increase of their tax rate from 48.7% to 52.6%.

Next year will bring a big tax hike for the Islanders' stars. Moving into NYC would mean a whopping $500,000 in extra taxes for Johnny Boychuk. For John Tavares it's an extra $231,302 in taxes. For Mikhail Grabovski an extra $192,542. And for Jaraslov Halak an extra $182,852. (Of course, these players can avoid the tax increase by not following their team to NYC, and keeping more of their money and living outside the city.)

FOOTING THE TAX BILL

The high taxes paid by NHL players contribute a lot to government coffers: an estimated $891 million USD in 2014-15. The players of the New York Rangers paid a league-high total of $41.8 million, beating the Los Angeles Kings at $40 million because of New York City's income taxes that collected more than $3 million.

The Arizona Coyotes manage to take the bottom position but only because they spent so little on their team last year, $39.2 million. The Dallas Stars paid the second-least taxes and didn't spend much either, but a much more reasonable $56 million.

Taxes for American and Canadian teams are in USD.

Taxes Paid by NHL Players

Team	Federal	Provincial or State	City Income Tax	Total Tax
New York Rangers	$32,270,167	$6,515,069	$3,036,848	$41,822,084
Los Angeles Kings	$29,793,460	$9,192,597	$0	$38,986,057
Minnesota Wild	$29,517,366	$7,077,397	$0	$36,594,763
Washington Capitals	$29,935,690	$6,210,500	$0	$36,146,190
Detroit Red Wings	$30,119,190	$3,157,225	$1,785,592	$35,062,007
Pittsburgh Penguins	$30,359,641	$2,291,503	$2,239,254	$34,890,398
Chicago Blackhawks	$31,031,551	$3,239,278	$0	$34,270,829
Philadelphia Flyers	$27,623,080	$2,091,838	$2,664,334	$32,379,251
Montreal Canadiens	$15,447,921	$16,406,380	$0	$31,854,300
Toronto Maple Leafs	$18,316,813	$12,804,774	$0	$31,121,587
Colorado Avalanche	$27,506,257	$3,155,242	$2,070	$30,663,569
Boston Bruins	$27,125,476	$3,443,828	$0	$30,569,304
San Jose Sharks	$23,172,182	$7,118,656	$0	$30,290,839
St. Louis Blues	$25,774,992	$3,805,978	$637,869	$30,218,839
Vancouver Canucks	$18,821,731	$10,785,355	$0	$29,607,086
Anaheim Ducks	$22,451,626	$6,873,708	$0	$29,325,334
New York Islanders	$24,461,333	$4,848,061	$0	$29,309,394
Ottawa Senators	$16,587,293	$11,561,165	$0	$28,148,457
New Jersey Devils	$22,613,588	$4,678,466	$0	$27,292,054
Winnipeg Jets	$16,766,544	$10,087,537	$0	$26,854,081
Tampa Bay Lightning	$26,451,207	$0	$0	$26,451,207
Carolina Hurricanes	$23,083,573	$3,276,751	$0	$26,360,325
Columbus Blue Jackets	$21,876,883	$2,844,923	$1,367,880	$26,089,686
Florida Panthers	$26,041,058	$0	$0	$26,041,058
Nashville Predators	$25,877,974	$0	$0	$25,877,974
Edmonton Oilers	$17,907,937	$6,988,422	$0	$24,896,358
Buffalo Sabers	$19,990,219	$3,955,067	$0	$23,945,286
Calgary Flames	$16,679,000	$6,523,468	$0	$23,202,468
Dallas Stars	$22,474,968	$0	$0	$22,474,968
Arizona Coyotes	$15,605,580	$1,745,979	$0	$17,351,558

THE “TRUE CAP”: HOW TAXES IMPACT THE SALARY CAP

The NHL salary cap was introduced in 2005 after negotiations between the NHL and the Players’ Association. The cap sets a maximum amount that teams can spend on player salaries. That ceiling was set at $69 million for the 2014-15 season. However after taxes are accounted for, the average “true cap” – players’ after-tax, take-home pay – is only $36,480,164.

The salary cap is supposed to make the league more competitive. It’s meant to limit the ability of the richest teams to outspend their competitors. However the NHL’s salary cap doesn’t take taxes into consideration. This should be to the advantage of the low-tax teams. The same salary means a lot more take-home pay in Calgary, Edmonton or Dallas than it does in Montreal or California.

The maximum salary for an individual player for the 2014-15 season was $13.8 million. After taxes, the take-home pay varies a lot. It would be $8 million in Dallas, Florida or Nashville. In Calgary or Edmonton it would have been $8.2 million for the 2014-15 season but with the provincial tax increase it will drop to $7.7 million.

In California a top player would take home $6.2 million. It might be nice to live in California but is it worth a $2-million pay cut?

Rank	Team	True Cap	Difference From Average
1	Dallas Stars	$40,987,852	13%
1	Florida Panthers	$40,987,852	13%
1	Nashville Predators	$40,987,852	13%
1	Tampa Bay Lightning	$40,987,852	13%
5	Calgary Flames	$39,004,514	7%
5	Edmonton Oilers	$39,004,514	7%
7	Chicago Blackhawks	$38,059,262	5%
8	Arizona Coyotes	$37,886,575	4%
9	Vancouver Canucks	$37,819,248	4%
10	Colorado Avalanche	$37,798,061	4%
11	Boston Bruins	$37,439,563	3%
12	Winnipeg Jets	$37,280,165	2%
13	Carolina Hurricanes	$37,030,270	2%
14	Pittsburgh Penguins	$36,799,552	1%
15	Detroit Red Wings	$36,403,262	0%
16	St. Louis Blues	$36,177,386	-1%
17	Philadelphia Flyers	$36,171,514	-1%
18	Columbus Blue Jackets	$35,645,504	-2%
19	Buffalo Sabers	$35,367,176	-3%
20	Ottawa Senators	$35,316,871	-3%
20	Toronto Maple Leafs	$35,316,871	-3%
22	Washington Capitals	$35,171,823	-3%
23	New Jersey Devils	$35,150,535	-3%
24	Montreal Canadiens	$34,856,884	-4%
25	Minnesota Wild	$34,287,585	-6%
26	New York Islanders	$32,721,669	-10%
26	New York Rangers	$32,721,669	-10%
28	Anaheim Ducks	$32,341,016	-11%
28	Los Angeles Kings	$32,341,016	-11%
28	San Jose Sharks	$32,341,016	-11%

Last season teams could spend $69 million; how much would the players actually get and how much would the government take? What the players get to keep is the true cap. In Florida, Tampa Bay, Dallas and Nashville, the true cap was a league high of $40.1 million. Calgary and Edmonton would have led at $41.5 million, with the tax increase dropping them to $39 million.

The California teams had the league-low true salary cap at $32.3 million. The Montreal Canadiens had the lowest low true salary cap in Canada at $34.9 million.

The Detroit Red Wings come closest to the average true cap. Florida, Tampa Bay, Dallas and Nashville have 13% more cap space than Detroit. The California teams have 11% less cap space.

TRADES AND NO-TRADE CLAUSES

Players can negotiate no-trade clauses that give them a veto over which teams they can agree to be traded to. They may also negotiate a no-move clause that has the added protection of preventing them from being assigned to the minors or placed on waivers, meaning any other team could claim them.

No-trade clauses and no-move clauses also come in limited and modified forms. This means there are specific terms, usually that they can't be traded to specific teams or can't be traded for a certain number of seasons. Players can use the power of a no-trade clause to keep more of their money; those without one can't avoid being sent to a city with higher taxes.

Trades Without No-Trade Clauses

Player	Old Team	Player's Tax Rate	New Team	Player's Tax Rate	Tax Increase
Yandle, Keith	Arizona Coyotes	45.6%	New York Rangers	53.3%	$364,964
Leddy, Nick	Chicago Blackhawks	44.7%	New York Islanders	53.0%	$334,111
Bergenheim, Sean	Florida Panthers	40.5%	Minnesota Wild	50.2%	$266,652
Jokinen, Olli	Nashville Predators	40.3%	St. Louis Blues	47.3%	$174,151
Smith, Ben	Chicago Blackhawks	43.0%	San Jose Sharks	50.9%	$119,380
Gagner, Sam	Arizona Coyotes	45.5%	Philadelphia Flyers	48.0%	$108,731
McGinn, Jamie	Colorado Avalanche	45.2%	Buffalo Sabres	48.6%	$99,242
Perron, David	Edmonton Oilers	43.5%	Pittsburgh Penguins	46.7%	$95,868

Of those without no-trade clauses, Sergei Gonchar would have suffered the worst with an annualized tax hike of $426,861 after his move from Dallas to Montreal. However, Gonchar became a UFA at the end of the season and won't be playing in Montreal. He recently signed a tryout contract with the Pittsburgh Penguins. Which means it will be Keith Yandle who is facing the biggest tax hike; by moving from Arizona to the New York Rangers he'll see a tax increase of $364,964. That leaves Nick Leddy close behind with a $334,111 tax increase because of his move from the Chicago Blackhawks to the New York Islanders.

Of players with no-trade clauses, 60% were traded to teams with lower taxes.[12] Tyler Myers saved the most by moving from Buffalo to Winnipeg with total tax savings of $474,146. Mark Savard saved the second-most with his move from Boston to the Florida Panthers for a total tax savings of $360,268.

Trades With No-Trade Clauses

Player	Old Team	Player's Tax Rate	New Team	Player's Tax Rate	Tax Savings
Myers, Tyler	Buffalo Sabres	50.2%	Winnipeg Jets	46.3%	$474,146
Savard, Marc	Boston Bruins	46.5%	Florida Panthers	41.4%	$360,270
Coburn, Braydon	Philadelphia Flyers	47.9%	Tampa Bay Lightning	40.9%	$279,201
Moen, Travis	Montreal Canadiens	49.2%	Dallas Stars	39.8%	$173,767
Kessel, Phil	Toronto Maple Leafs	49.3%	Pittsburgh Penguins	47.6%	$170,136
Glencross, Curtis	Washington Capitals	48.9%	Calgary Flames	43.4%	$147,289
Hamilton, Dougie	Boston Bruins	46.4%	Calgary Flames	43.7%	$145,541
Horton, Nathan	Columbus Blue Jackets	51.7%	Toronto Maple Leafs	49.1%	$129,716
Grossmann, Nicklas	Philadelphia Flyers	47.8%	Arizona Coyotes	45.3%	$86,769
Zidlicky, Marek	New Jersey Devils	49.1%	Detroit Red Wings	47.2%	$54,466

12. If a player was traded more than once the calculation is based on the tax difference between the first team and the last team. For players that were traded and then signed as a restricted free agent at the new team the RFA salary was used.

FREE AGENTS

Unrestricted free agents (UFA) can decide what offers they want to accept, giving them the power to decide where they want to play. They may consider how much they like the city, the chances of winning the Stanley Cup and their possible teammates … but they also certainly think about how much they are going to be paid.

A lot of players are looking for a big payday during free agency. When they consider various offers, they (or their accountants) must calculate how much they'll actually keep. Out of the 116 UFAs signing with a new team since July 1, 54% went to cities where they will pay less tax. Players moving to lower-tax jurisdictions will save more than $4 million. The top two players in the chart, Jaromir Jagr and Artem Anisimov, signed with the team they were most recently playing for. But they started last season elsewhere, so we calculated the difference in taxes from the old team to the new one. Jaromir Jagr will save $460,106 with his move from New Jersey to Florida. Artem Anisimov will save $392,322 with his move from Columbus to Chicago.

Of players that tested the free agency market, François Beauchemin saved the most, retaining $355,483 with his move from Anaheim to Colorado.

UFA Tax Savings

Player	Old Team	Player's Tax Rate	New Team	Player's Tax Rate	Tax Savings
Jagr, Jaromir	New Jersey Devils	49.9%	Florida Panthers	41.2%	$460,106
Anisimov, Artem	Columbus Blue Jackets	51.8%	Chicago Blackhawks	45.0%	$392,322
Beauchemin, François	Anaheim Ducks	53.8%	Colorado Avalanche	45.7%	$366,483
Beleskey, Matt	Anaheim Ducks	53.6%	Boston Bruins	46.1%	$302,277
Sekera, Andrej	Carolina Hurricanes	47.1%	Edmonton Oilers	43.8%	$215,337
Oduya, John	Chicago Blackhawks	44.6%	Dallas Stars	40.9%	$140,526
Stafford, Drew	Buffalo Sabres	49.3%	Winnipeg Jets	46.1%	$139,841
Jackman, Barret	St. Louis Blues	46.9%	Nashville Predators	39.9%	$139,151
Frolik, Michael	Winnipeg Jets	46.2%	Calgary Flames	43.7%	$134,972
Williams, Justin	Los Angeles Kings	53.3%	Washington Capitals	49.1%	$134,180

APPENDIX

'True roster' tax rates

NHL players pay a lot of taxes, but depending on where they play, they can keep a lot more of their money. In the 2014-15 season, players in Los Angeles paid the highest tax rate of 54.1%. Montreal had a tax rate of 49.4% — the highest in Canada. All the California teams face the same high taxes, but Los Angeles paid the most because it has so many highly paid players. The Kings' average player salary was $2,893,296, while the Anaheim Ducks' was $2,486,963 and San Jose Sharks' was $2,447,560.

Calgary Flames players paid the lowest tax rate at 39.7%, followed closely by the Edmonton Oilers at 39.8%. The Alberta teams lead this ranking because we used the 2015 phase-in rate for the provincial tax increase, since that is the rate the players will pay on their salary for 2015. They will fall below the American teams with no state income tax once the tax increase is fully implemented. The Alberta teams' ranking also benefits from their low average salaries. Calgary had the second-lowest average salary at $1,772,671 and Edmonton's was below average at $2,404,697.[13]

The American teams in states with no state income taxes aren't far behind. They're led by the Dallas Stars with a 40.3% tax rate.

2014-15 NHL True Roster

Rank	Team	Tax Rate	Salary Spending
1	Calgary Flames	39.7%	$58,498,145
2	Edmonton Oilers	39.8%	$62,522,118
3	Dallas Stars	40.3%	$55,798,043
4	Tampa Bay Lightning	40.4%	$65,488,882
5	Nashville Predators	40.4%	$64,015,957
6	Florida Panthers	40.5%	$64,347,581
7	Arizona Coyotes	44.3%	$39,168,387
8	Colorado Avalanche	44.9%	$68,330,785
9	Chicago Blackhawks	44.9%	$76,318,296
10	Vancouver Canucks	45.1%	$65,644,027
11	Boston Bruins	45.6%	$66,980,452
12	Winnipeg Jets	45.7%	$58,711,462
13	Carolina Hurricanes	46.1%	$57,166,978
14	Pittsburgh Penguins	46.7%	$74,641,801
15	Detroit Red Wings	47.1%	$74,399,651
16	St. Louis Blues	47.4%	$63,786,855
17	Philadelphia Flyers	47.5%	$68,138,038
18	Columbus Blue Jackets	47.7%	$54,715,188
19	Buffalo Sabers	47.8%	$50,077,973
20	New York Islanders	48.2%	$60,820,871
21	New Jersey Devils	48.4%	$56,350,796
22	Ottawa Senators	48.5%	$57,998,387
23	Toronto Maple Leafs	48.7%	$63,927,860
24	Washington Capitals	49.1%	$73,687,823
25	Montreal Canadiens	49.4%	$64,477,070
26	Minnesota Wild	50.1%	$73,041,124
27	Anaheim Ducks	52.4%	$56,004,102
28	San Jose Sharks	52.8%	$57,419,935
29	New York Rangers	52.9%	$79,057,183
30	Los Angeles Kings	53.0%	$73,604,753

13. The league average salary was $2,445,731

CAP SPENDING TEAM

Naturally, different teams spend their salaries in different ways. They may have many expensive veterans (who pay high tax rates) or many lower-paid rookies (who pay lower taxes). So comparing the taxes actually paid by various teams could have been comparing apples and oranges.

So we created a "hypothetical" roster for each city, with a range of salaries from low to high, and totaling the actual salary cap. This allowed us to compare apples to apples when calculating the tax impact in each NHL city on page 10 & 11.

For a more equal comparison the following team was created.

The hypothetical team spends $69 million on 23 players. The individual players' salaries are listed in the chart to the right. All the salaries other than one player making the maximum and another making the minimum are the same as last year but adjusted by 7.18% which brings the team's salary up to the $69-million salary cap.

The tax rate difference between the real team and the hypothetical team is small for most teams. It only changes the tax rate by an average of 0.25%. That average excludes Calgary, Edmonton and the New York Islanders because of the different tax calculations used for their hypothetical teams and true roster teams. The Arizona Coyotes tax rate is 0.8% higher while the New York Rangers is 0.3% lower. These changes are because of progressive taxation. In all NHL jurisdictions the more you make the higher your tax rates. The theoretical team has a core of highly paid players, the kind of players you need to be an elite team. Its average player's salary is $2.4 million; Arizona's was only $1.6 million. That's why its tax rate changed so dramatically between comparisons. The New York Rangers have an average salary of $3.3 million; that's why the tax rate was lower in the hypothetical comparison.

Example Roster

$13,800,000	$1,071,779
$8,574,230	$1,018,190
$7,502,451	$964,601
$6,966,562	$911,012
$5,894,783	$911,012
$4,823,005	$857,423
$3,536,870	$803,834
$2,143,558	$696,656
$1,875,613	$659,144
$1,875,613	$616,273
$1,607,668	$550,000
$1,339,723	

'JOCK TAXES' IN THE UNITED STATES

Most American states with NHL teams have additional special income taxes that are only paid by visiting professional athletes and entertainers. These are often known as "jock taxes". Jock taxes are sometimes also charged by cities as well.

In general, taxing non-residents should be difficult – it's hard to know when most people are doing work in your jurisdiction – but the NHL's schedule and the teams' rosters make it easy. These taxes mean that NHL players may need to file more than a dozen different tax returns.

Of the American states with NHL teams, only Texas, Florida, Tennessee and the District of Columbia don't have jock taxes. The first three don't have state income taxes, and the District of Columbia is forbidden by the Home Rule Act from imposing an income tax on non-residents.

Despite not having a state income tax, Tennessee previously had a jock tax. In 2009, the state introduced a $2,500-per-game tax for each game played in Nashville up to a total of $7,500 for NHL and NBA players. Bizarrely, the revenue from this tax was used to subsidize the operation of the Nashville Predators stadium. This tax also meant that some NHL players received no after-tax pay for games they played in Nashville. However the NHL's 2012 collective bargaining agreement forced the team owners to pay the tax. Luckily, this absurdity ended in June when Gov. Bill Haslam signed legislation ending the tax.

States	Top Rate
Arizona	4.54%
California	13%
Colorado	13%
Illinois	3%
Massachusetts	5.20%
Michigan	4.25%
Minnesota	9.85%
Missouri	6%
New Jersey	8.97%
New York	8.82%
North Carolina	5.80%
Ohio	5.39%
Pennsylvania	3.07%

Taxpayer.com AMERICANS for TAX REFORM

Five cities have jock taxes. Detroit, Columbus, Philadelphia, Pittsburgh and St. Louis charge income tax on income earned in their cities by non-residents. Philadelphia has the highest tax at 3.495%. New York has a city income tax that's almost as high but state law prevents it from taxing non-residents.

Cities	Rate
Detroit	1.35%
Philadelphia	3.495%
Pittsburgh	1%
St. Louis	1%
Columbus	2.5%

For the purpose of this report, jock taxes were not included in the calculations for the income taxes of NHL players.

This was done for two reasons. First, the purpose of the report is to point out that income taxes have a major impact on where highly skilled, highly mobile individuals will reside, using NHL players as the example. Since this is only an example and since jock taxes are only charged to professional athletes and entertainers, it doesn't provide a realistic snapshot for most North American citizens. Second, the calculation is extremely difficult. It depends on factors such as schedule (teams playing in the same division as the three California teams will spend much more time in California than teams playing in other divisions), travel days and whether tax credits for these taxes paid in other states are provided in the player's home state.