

Opinion: California out-of-bounds with taxes

By Ted Gaines

If you think Cam Newton, quarterback for the Carolina Panthers, suffered a crushing defeat on the football field during Super Bowl 50, then you haven't heard about the other beating he is about to take from the California tax man.

Newton's "loser's" share for the championship game is \$51,000. According to CPA and athlete-income specialist Sean Packard in *Forbes* magazine, the so-called "jock tax" rules in California, which factor in days worked in the state and annual income, would throw Newton for a loss – literally. Packard calculates that the athlete is set to pay a staggering 172.2 percent of his bonus in California taxes. That's right – Newton will pay \$87,800 in taxes on \$51,000 of income, a scenario that would make even Bernie Sanders shudder.



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Ultra-wealthy professional athletes are not the most sympathetic characters in tax policy dramas. Even with our state picking his pocket, it's unlikely that Newton will be clipping coupons or flying coach on Southwest any time soon. But California's oppressive tax regime punishes every income strata. Want regressive taxes that hurt the poor? Our sales tax is the highest in the nation. Our gas taxes are in the top five, with a total burden of nearly 70 cents a gallon, which

takes a big bite out small business, commuter, and rural driver pockets.

Want anti-competitive taxes that drive businesses to other states and put a drag on job creation? Our 8.89 percent corporate income tax is the highest in the west and it inspires businesses to move to the less expensive surrounding states and especially towards the low-tax, smartly-regulated Texas. It's part of the reason business relocation expert Joe Vranich estimates that 9,000 businesses have "disinvested" (moved operations or made major investments in other states) from California in the past seven years.

For working people struggling to make ends meet, our state taxes are hardly trivial. Between 2004-15, roughly 900,000 more people moved out of California than moved into California from other states. The majority of those people leaving are in the middle- and lower-income categories, driven from California by high costs and seeking opportunity in our more affordable surrounding states.

Remarkably, Sacramento politicians and special interest groups are pushing for new and extended taxes this year. That is the worst fiscal idea imaginable. California's stratospheric taxes already punish Californians and make them artificially poor. You don't have to be sacrificing nearly 200 percent of your Super Bowl bonus to see that the state is bent on shaking every last dollar out of taxpayer pockets, even to the point of absurdity. Time to cut taxes. Enough is enough.

Ted Gaines represents the 1st Senate District, which includes all or parts of Alpine, El Dorado, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra and Siskiyou counties.