

# Why Derek Jeter and LeBron James are running for Florida: High taxes turn the rich into refugees

BY [Jim Powell](#)

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The [New York Yankees'](#) star shortstop Derek Jeter has become the latest to flee the Empire State as spendthrift state officials target the rich. Jeter put his 70th-floor, 5,425-square-foot [Trump World Tower](#) condo on the market for a reported \$20 million. He had bought it in 2001, after signing a 10-year contract with the Yankees. He will now make his undisputed residence in [Tampa](#), where a 30,875-square-foot, seven-bedroom mansion is nearing completion.

The reason for this move has little to do with his loyalty, or lack thereof, for [New York](#). Rather, it's likely a simple calculation: [New York City](#) is among the highest-taxed places in the [U.S.](#), including hefty state and city income taxes. Florida doesn't have an income tax, so Jeter, whose contract pays him \$18.9 million annually, will be able to save a bundle.

New York State tax officials have harassed Jeter for years, objecting to him filing tax returns that claimed Florida as his state of residence. They insisted that he had "immersed himself in the New York community" and that he had made "numerous statements professing his love for New York" - and therefore, they reasoned, he ought to pay New

York's income taxes.

Jeter will be a free agent at the end of this season, and he's expected to sign a new contract assuring that he will finish his fabled career with the Yankees. Presumably, he'll be able to rent a nice place for the days he visits New York. But otherwise, he will be in sunny Florida, thanks to taxes that punish the wealthy for living here.

According to the [Empire Center](#) research organization, over 1.5 million more people moved out of New York State in the past decade than moved in - a larger net loss than for any other state. Like Jeter, people moving out tend to earn higher incomes than people moving in. Again, like Jeter, most of the people who leave had lived in the New York City area - not in the economically depressed upstate regions. And finally, like Jeter, almost a third of outmigrants settle in Florida.

Two months ago, basketball superstar LeBron James made a similar decision. He decided to leave his team, the [Cleveland Cavaliers](#), to play in Florida for the [Miami Heat](#). People debated this decision from the perspective of James's loyalty to his hometown team while forgetting that there were financial considerations, too. [Ohio State University](#) economist [Richard Vedder](#) noted how taxes probably figured in his decision: James was expected to make \$100 million with a five-year contract in Miami, and because Florida doesn't have an income tax, the estimated net present value of his tax savings is between \$6 million and \$8 million.

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