

Privilege Tax

Issues in the States

Background

A state privilege tax is a tax to work in certain professions that must be paid annually in order to practice. This tax is in addition to the state licensure fees, national dues, and other costs involved in maintaining a professional's qualifications. Currently, only one state (Tennessee) has a state privilege tax; however, given the current economic climate, other states may introduce a similar concept.

ASHA's Position

ASHA believes that having a state privilege tax is an undue burden on the practitioner and will impact the state and consumers in the following ways:

- Shortage of Providers: An added professional tax will lead to an additional shortage of providers and discourage professionals from moving into the state.
- New Graduates Leaving the State: An added professional tax will discourage new graduates from remaining in the state, decreasing the pool of highly qualified professionals available to meet the needs of individuals with communication disorders.
- Telepractice: Out-of-state providers will no longer offer services due to the burden of this excessive tax. This will impact children in the public schools and those in high need areas.
- Decreased Tax Revenue: Businesses already providing audiology and speech-language pathology services in the state may reconsider providing these services and relocate out-of-state to avoid paying the tax; thereby, decreasing tax revenue.

A significant variation in salaries is apparent among the professionals' who are subject to this tax. Many are more highly compensated, but are taxed at the same rate professionals with lower salaries.

Decision Makers

ASHA is urging decision makers to consider:

- the salaries of individuals impacted by this tax and the additional burden it places on practitioners who already pay for a national certification, state license, teaching certification, and continuing education;
- the impact on hiring officials who are trying to fill positions and reduce the shortages of speech-language pathologists;
- the ramifications on consumers who will have fewer options and less access to qualified service providers, particularly in rural and hard to staff areas of the state; and
- other revenue options for the state and vote against this tax.



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