

**The Allegis Group, Redwood Holdings, Maxim Healthcare, and Amergis
Opposes HB 1554/SB 1045**

The Allegis Group, Redwood Holdings, Maxim Health Care and Amergis oppose HB 1554/SB 1045. The tax hits harshly against our state's headquartered companies and functions as another tax on wages per its targeting of employment services, per *Section (14) (III), (IV), (V), (VI)*.

Our family of companies is the largest privately held company headquartered in the state of Maryland and it is collectively the second largest company in Maryland. The companies include some of Maryland's most iconic business brands, including Aerotek, TEKSystems, Trade Point Atlantic, Erickson Senior Living, and Maxim Healthcare. As Maryland headquartered companies, we are proud to employ over 20,000 people in the state. The State of Maryland is the staffing and professional services capital of the United States, as our enterprise is the largest such staffing and professional services company in North America.

The proposed legislation, via *Section (14) (III),(IV),(V),(VI)*, applies to over 12,000 of our jobs today in the state working in all sectors. For our company, the vast majority of what will be taxed are the wages and benefits earned by our W2 employees. The "service" of employment is approximately 80% the costs of wages, payroll expenses, and benefits paid to an employee.

As an example, a staffing firm will bill \$36 per hour for a facilities and maintenance position, of which, \$23 per hour is the wage, and \$6.00 is the payroll expense. Thus, of the \$36 per hour service tax, 80% of the tax falls on wages, benefits, and payroll expenses.

The impacted jobs include both "white collar" professions, such as engineers, software coders, clinicians, etc. as well as more location based "blue collar" professions, such as construction, health care, janitorial, food service, manufacturing, and warehouse distributions jobs.

An additional tax on wages is harmful to the state's economy in several ways, including:

- (1) The additional tax on wages will make it more costly to employ Marylanders and thus reduce jobs.
- (2) The more "white collar" jobs, which are often no longer location specific, will likely move out of Maryland.
- (3) The additional tax on wages will fall most harshly on the "blue collar" professionals which are tied to location-based work sites. Targeting these professionals, creates significant equity issues as this service workforce is disproportionately individuals from underserved communities. Targeting wages for additional taxation creates less jobs and crowds-out wage growth potential.
- (4) The service tax falls most harshly on Maryland headquartered businesses and the state's small businesses that do not have alternative locations in which to receive the benefit of the services.

- (5) This staffing and professional services sector has a significant role in many industries that service state reimbursed services, including health care. The taxing wages of nurses, clinical services, and other healthcare workers raises the costs to Medicaid and other state programs.

Given the clear economic harm this legislation causes Maryland based businesses and burdening employees with an additional tax on wages, we urge you to vote against HB 1554/SB1045

Respectfully submitted by:

Adam Kane, Esq.