



Allegis Group Opposes HB 1628 Sales and Use Tax- Rate Reduction and Services

Allegis Group, a Maryland headquartered company with over 12,000 Maryland-based employees across its subsidiary and affiliated companies, opposes HB 1628.

The expansion of state sales tax to cover services will significantly raise the costs of living to Marylanders and make the state less competitive for state businesses. The proposed tax discourages business investment and job growth throughout the state.

Specifically, the expansion the sales tax to services is not supportable in two contexts:

First, expanding the tax to services that businesses purchase from other businesses (or “B2B”) has a very significant multiplier impact dramatically increasing the costs of all goods and services. Such an increase is a significant burden to consumers and makes business transactions in Maryland considerably more costly than in neighboring states.

Second, Allegis Group and its affiliated human capital companies, Aerotek and TEKsystems, the taxable service is B2B temporary staffing services (NAICS Code 561320 – Temporary Help Services). The service that these companies provide is often simply employment. Employment is subject to a variety of federal and state payroll taxes. A service tax for this type of business is simply an additional tax on employment. Taxing job creation and employment at an additional 5% discourages investment in jobs, job training, and business growth in the state.

Due to the deleterious impact of this proposal on jobs and business investment in the state, Allegis Group urges the Committee to give HB 1628 an unfavorable report.

Respectfully submitted.

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