



Kelly Services Hails U.S. House Passage of SUTA Dumping Prevention Act

July 14, 2004

TROY, Mich., July 14 -- Kelly Services, Inc. applauds today's vote by the U.S. House of Representatives to ban the use of tax schemes by companies to avoid paying their fair share of unemployment insurance taxes. With bipartisan support, the House passed H.R. 3463, the SUTA Dumping Prevention Act. The bill now moves to the U.S. Senate for consideration.

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SUTA dumping occurs when employers take steps to disguise their true unemployment experience for the purpose of evading unemployment insurance taxes. Most frequently, it involves the use of questionable merger, acquisition or restructuring schemes to manipulate unemployment insurance tax rates. The SUTA bill would require each state to enact conforming legislation that would prevent corporations from engaging in this deceptive practice, develop detection tools, and enforce the law. It also imposes penalties on violators and promoters.

Kelly Services has been actively leading an effort to bring this issue to the attention of policy makers. "This legislation will stop the documented abuse of the system by some employers, restore fairness, and benefit workers, states and ethical employers alike," said Carl Camden, president, Kelly Services.

SUTA dumping schemes have been promoted for years by accounting firms and other unemployment compensation consultants. In testimony to the U.S. House Ways and Means Committee, the U.S. Department of Labor indicated the practice could be costing state insurance trust funds billions of dollars. SUTA dumping reduces state trust fund receipts and shifts a disproportionate share of the unemployment compensation tax burden to more ethical employers.

Rep. Wally Herger (R-California), who sponsored the House bill, said, "Not only will the bill bring a halt to the fraudulent and abusive practice of SUTA dumping, it will help strengthen the nation's unemployment compensation system by requiring businesses that are shirking their tax responsibilities to pay up. When businesses wrongly minimize or even avoid paying their proper share of state unemployment taxes, they undermine the nation's unemployment benefit system."

"Kelly congratulates the U.S. House for bringing this solution forward on a bipartisan basis today," said Camden. "We now call on the Senate to act quickly to end this unethical practice."

About Kelly Services

Kelly Services, Inc. (Nasdaq: KELYA, KELYB) is a Fortune 500 company headquartered in Troy, Mich., offering staffing solutions that include temporary services, staff leasing, outsourcing, vendor on-site and full-time placement. Kelly serves 200,000 customers through 2,500 company owned and operated offices in 26 countries. Kelly provides employment for nearly 700,000 employees annually, with skills including office services, accounting, engineering, information technology, law, science, marketing, light industrial, education, health care and home care. Revenue in 2003 was \$4.3 billion. Visit <http://www.kellyservices.com> .

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