



## **SUTA Dumping Prevention Act Becomes Law; Kelly Services Urges Rapid Action by States**

August 11, 2004

TROY, Mich., Aug 11, 2004 -- Kelly Services, Inc. is encouraging prompt action by the states to implement legislation signed by President Bush that bans the use of tax schemes by companies to avoid paying their appropriate share of unemployment insurance taxes. The SUTA Dumping Prevention Act of 2004 became law August 9. SUTA is an acronym for State Unemployment Tax Acts.

(Logo: <http://www.newscom.com/cgi-bin/prnh/19991208/KELLYLOGO> )

"We congratulate the U.S. Department of Labor, Congress and the President on their quick action to close this tax loophole that likely is costing state unemployment trust funds billions of dollars," said Carl Camden, president, Kelly Services. "We hope the states will move in the same swift fashion and bipartisan spirit to implement this bill requiring all companies to pay their fair share of unemployment taxes. Workers, states and ethical employers all stand to benefit."

States must enact conforming legislation before the end of 2005 that would prohibit companies from engaging in the tax dodge while imposing penalties on violators and promoters. Since most SUTA dumping occurs early in the calendar year, states will save their unemployment trust funds from a final blow of SUTA tax evasion if they act legislatively before the end of this year.

SUTA Dumping occurs when employers take deliberate action 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. These schemes have been promoted for years by accounting firms and other unemployment compensation consultants. The practice reduces state trust fund receipts and shifts a disproportionate share of the unemployment compensation tax burden to more ethical employers.

Kelly Services began proposing SUTA legislation in 2002 and helped bring the issue to the attention of policy makers. Congress passed the SUTA Dumping Prevention Act in July with bipartisan support. "Only if companies step forward to support fair taxes will they have the credibility necessary when opposing bad ones," said Camden.

Kelly will monitor the progress of state legislation and issue periodic updates via news releases.

### **About Kelly Services**

Kelly Services, Inc. (Nasdaq: KELYA, KELYB) is a Fortune 500 company headquartered in Troy, Mich., offering staffing solutions that include temporary staffing 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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