



October 18, 2013

Mr. David Roose, Chairman
Maryland Commission on the
Regulation of Payroll Services
Comptroller of Maryland
L.L. Goldstein Treasury Building
80 Calvert Street
Annapolis, MD 21404

Dear Mr. Roose:

We are writing to you as the representatives of the Independent Payroll Providers Association (IPPA) and The Payroll Group (TPG). IPPA and TPG members are some of the smaller companies in the payroll services industry and our organizations have more than 350 members doing business in all 50 states.

Services we provide to our members include a continuing program to monitor the efforts of the federal government and the states to regulate the payroll industry. As part of that activity, we often work with the National Payroll Reporting Consortium to provide information to government agencies and ensure that proposed regulatory solutions are fair and reasonable to all concerned.

We are aware of the AccuPay incident that took place earlier this year and the work of this Commission, which was undertaken in response to that incident. We also understand the Commission will prepare a report for the legislature by December 15 with recommendations for legislative and regulatory action and that, in connection with that effort, the Commission will host meetings on October 24 and in November.

In anticipation of the October 24 meeting, we are sending this letter to endorse certain ideas we understand have been presented to the Commission. Since the work is in the early stages, our comments will be general, but we recommend the following as having the greatest potential to benefit to Maryland's employers:

1. Online Access to Employer Accounts. Maryland employers should be able to access their state accounts to verify that payments and other filings have been made on their behalf. The Internal Revenue Service already provides this service to employers through the Electronic Federal Tax Payment System (EFTPS), Many other states also provide this service. We encourage the Commission to endorse online access for MD employers and to recommend to the legislature that changes necessary to implement this change be made;

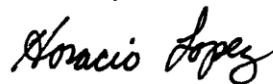
2. A program to educate employers about the risks of having a third party make tax payments on their behalf. We also encourage the Commission to recommend the creation of a program that emphasizes to employers that, when they outsource tax compliance to a third party, they remain liable for payment of employment taxes and that oversight of the payroll provider remains their responsibility. The Commission may also want to recommend that the program instruct employers where to go and what to do in the event they discover that the third party has not made required payments or filings on their behalf;

3. Notice of Address changes. In many cases of fraud, employers are unaware of delinquencies in their tax accounts because an agent changed the account's address of record without the employer's knowledge. The Commission should consider changing state regulations so that, when an address change is requested, notices of the request to make the change would be sent to the employer's new and old address.

Many of these changes have been made or are under consideration by the IRS at the federal level and, since most payroll service firms are active in many states, it is our view that state agencies should follow the lead of federal regulators on these issues. So we urge the Commission to ensure that whatever changes it may recommend to the legislature be consistent with federal regulations already in place or under discussion.

We have asked our representatives in Maryland to support the Commission's work and look forward to hearing about recommendations the Commission proposes to the legislature.

Sincerely,



Horacio Lopez, IPPA Government Affairs



Hunt Schuster, TPG Chairman