

Estimated Number of Payroll Service Providers That Offer Tax Filing Services

1. Data from the IRS

- The number of registered Reporting Agents grew from 2,200 less than ten years ago to **14,000** (13,000 active) in 2011.
 - Most are tax practitioners, such as bookkeepers and CPAs who provide payroll tax support in addition to other business services.
 - The IRS promoted the Reporting Agent program in order to increase electronic filing, resulting in the dramatic increase.
 - This raises definitional questions; i.e., it may be necessary to extend regulatory measures to many different types of third parties that handle employment taxes for employers.
- The vast majority of Reporting Agents have less than 40 clients.
 - 60% (7,859) have under 10 clients
 - 83% (10,809) have under 40
 - 1,000 have more than 100 clients
 - 100 have more than 1,000 clients

Source: Data compiled by the IRS Return Preparer Office, March 5, 2012

2. U.S. Census Bureau

- There were **4,842** payroll service firms in the U.S. as of 2007 (NAICS code 541214- Payroll processing services)

Source: www.census.gov

3. Maine Registrants and Inferences for Maryland

- Maine remains the only state to have enacted comprehensive licensing requirements for payroll service firms.
- Maine had 42,000 employers as of June 2011 and has **195** payroll service firms registered as of July 2013.
- Maryland has about 3.3 times as many employers as Maine. If service providers are proportionate to employer volume, Maryland might have to register **655** payroll firms.
- 70 percent of Maine's registered payroll firms were located in Maine. Service providers were registered from 22 other states; notably MA (9), NH (7) MI (5), PA (4) and CA (4)
- However, due to its location in a major metropolitan statistical area and with many states in close proximity, Maryland might have far more service providers.

Source: <http://www.maine.gov/pfr/financialinstitutions/payroll/index.htm>