

Honorable Sean Tarwater, Sr.
Chair, House Commerce, Labor and Economic Development Committee
Kansas State Capitol
300 W 10th Avenue, Room 112-N
Topeka, KS 66612

February 9, 2021

Dear Chair Tarwater, Vice Chair Corbet and Committee Members,

I am writing on behalf of ADP TotalSource, Inc, the professional employer organization (PEO) division of ADP, LLC, in support of House Bill (HB) 2196. HB 2196 offers a technical fix to the existing employment security law governing PEOs and its passage would provide administrative and operational efficiencies.

ADP TotalSource is the country's largest PEO, providing a comprehensive business process outsourcing solution to over 12,500 clients and co-employing approximately 528,000 covered employees nationwide. We are a registered PEO in Kansas, where our footprint includes local offices in Lenexa, over 60 small business clients and approximately 4,000 worksite employees.

Our integrated suite of services incorporates both traditional and Web-based products including human resources (HR) administration, professional development training, regulatory and compliance management, payroll and tax administration and reporting, retirement plan services, workers' compensation and benefits administration, and access to a leading-edge Human Resources Management System and robust employee benefit packages. Our business supports small businesses and helps them grow while providing top of the line benefits and services to their existing employees who become our co-employees.

Current Kansas law prohibits individual proprietors, partners or corporate officers who are shareholders or members of the board of directors of a PEO client company from being a part of the PEO relationship for the purposes of employment security law. Quarterly unemployment tax and wage reports for these individuals must be submitted by the PEO client and as a result, two separate unemployment insurance (UI) accounts must be maintained for the same entity. HB 2196 would provide operational and administrative efficiencies by allowing PEOs to provide UI services to all individuals at a client company. Our ability to provide comprehensive services to our small business clients allows them to focus on the mission of, and growing, their business.

In conclusion, we believe the technical corrections provided by HB 2196 will be beneficial both for the PEO industry and our small business clients. If I can provide any additional information that would be helpful, please contact me at the phone number or email below. Thank you for your consideration.

Sincerely,

Melissa Kelly
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