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STATE OF KANSAS

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Testimony on HB2790 (In Person / Proponent)

Senate Committee on Commerce

Wednesday, March 6, 2024

Chair Erickson and members of the Committee:

Thank you for the opportunity to provide testimony in support of House Bill 2790.

Background: Professional Employer Organizations (PEO) were authorized in Kansas in 2012 with the enactment of the PEO Registration Act. The Act originally provided that initial and renewal registration applications, certain financial statements, and fees would be submitted to the Commissioner of Insurance.

A PEO is a business that provides and administers human resources to its customers and operates as a co-employer, that is, the customer retains control over day-to-day employee management, but the PEO serves as the employer for legal purposes. Services provided by PEOs include payroll and tax filing; benefits administration; compliance; risk and safety; human resource support; and talent management.

Purpose of Bill: HB2790 transfers the administrative registration tasks, fee fund, and regulation authority to the Secretary of State, without changing the substance of the PEO Registration Act.

Reason for Bill: The reason for the transfer of duties is that the submissions required by the PEO Registration Act are a better fit for the filing expertise of the Secretary's Business Services Division. The transfer would leverage the existing expertise of the Secretary's staff and IT infrastructure and provide enhanced customer service, likely at lower costs for the customer. The Secretary is already responsible for other filings under K.S.A. Chapter 44 including unions (Article 8) and Athlete Agents (Article 15).

The Commissioner, Secretary, and the National Association of PEOs have coordinated on agree on this transfer of duties. The effective date reflects the need for the Secretary's IT staff to build out the new filing infrastructure so that it is seamless to the customers.

/Clayton Barker

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