



## STATE OF KANSAS

March 4, 2025

### **Testimony on HB2092 (Oral Support)**

Senate Commerce Committee

Submitted: Monday, March 3, 2025

Chairman Alley and members of the Committee:

### **Background:**

In 2024, at the request of the Secretary of State and the Commissioner of Insurance, the legislature approved HB2790, which transferred the required filings and supervision for Professional Employer Organizations (PEO) from the Commissioner to the Secretary. The transition of PEO filings has gone smoothly, assisted by the National Association of Professional Employer Organizations (NAPEO).

A PEO is a company that partners with businesses to provide long-term employees to perform roles in areas such as payroll administration, benefits management, human resources, risk management, recruiting, and training. PEOs are particularly beneficial for small and medium-sized businesses that want to focus on their core operations while leveraging the PEO's expertise and resources in support staff roles.

### **Requested Amendments to PEO Laws**

The Secretary of State has identified two points in current law that it requests be amended.

1. Change the annual registration for PEOs, required by KSA 44-1704, from a date linked to each PEO's individual fiscal year to a fixed date of October 15. This change not only simplifies administration for the Secretary's Business Services staff but also streamlines the registration process for PEOs, as most rely on national organizations to handle filings across multiple states.
2. Any PEO without positive working capital must submit, as surety, a bond, irrevocable letter of credit, or securities in an amount equal to the working capital shortfall plus \$100,000, as required by KSA 44-1706. This ensures the payment of taxes, wages, and benefits. To the best of our knowledge, no PEO registered in Kansas has ever been without positive working capital.

The Secretary proposes eliminating irrevocable letters of credit and securities as surety options, leaving bond submission as the sole choice. There was no opposition to this from the PEOs. This change aims to simplify the process if a PEO ever experiences negative working capital.

Respectfully,

***Clayton Barker***

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