

SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2092

As Recommended by House Committee on
Commerce, Labor and Economic Development

Brief*

HB 2092 would modify the automatic expiration date of professional employer organization (PEO) registrations and filing of annual audits, and would modify surety bond requirements for those PEOs with insufficient working capital.

Registrations, Renewals, and Audits

The bill would replace the current automatic PEO registration expiration from 120 days after a PEO's fiscal year to an automatic expiration on October 15 following the issuance of the registration. The bill would exempt any registrations issued on or after January 1, 2025, from the automatic expiration and those registrations would expire on October 15, 2026.

If a PEO seeks to renew their registration, they would be required to file on an annual basis a succeeding audit not older than 12 months with their renewal registration application.

Insufficient Working Capital

For PEOs with insufficient working capital, the bill would require the PEO to only submit a bond covering all taxes, wages, benefits, or other entitlement due to covered employees if the PEO cannot make such payments when

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

due. Current law also allows an irrevocable letter of credit or securities.

Additionally, the bill would require the bond to have a minimum value equal to the sum of the amount necessary to comply with the law's working capital requirement plus \$100,000.

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of an Office of the Secretary of State representative.

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, **proponent** testimony was provided by representatives of the Secretary of State and Lever1 PEO. The proponents generally stated the bill would simplify the registration and working capital surety processes for the Secretary of State and PEOs.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Office of the Secretary of State indicates enactment of the bill would not have a fiscal effect on the agency's operations.

Professional employer organization (PEO); registration; insufficient working capital