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## STATE OF KANSAS

February 16, 2024

### **Testimony on HB2790 (In Person / Proponent)**

House Committee on Commerce, Labor and Economic Development  
Monday February 19, 2024

Chair Tarwater and members of the Committee:

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

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.

HB2790 transfers the administrative registration tasks to the Secretary of State, without changing the substance of the PEO Registration Act.

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 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.

**Necessary Bill Amendment:** The Secretary of State's office needs adequate time to build out and thoroughly test the IT infrastructure to receive the PEO filings online and ensure privacy protection for the required financial filings, which may be made by individual PEOs or by the National Assoc of PEOs. With the limited IT resources available to the Secretary and the pre-existing list of priority IT projects for business entities in the state, the realistic full implementation date must be no earlier than January 1, 2027. The agency fully intends to work with the Insurance Commissioner's office during this time to ensure a smooth transition by the implementation date.

*/Clayton Barker*

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