

## **Advice from NAPEO**

### 1. **Limited Registration**

PEOs who are not domiciled in Oregon and who have few worksite employees are required to observe the same, stringent licensing rules (436-050-0440) as those who are domiciled in the state with more worksite employees. In most states that regulate the industry, PEOs who meet certain requirements are able to obtain a “limited” license. PEOs doing business in the state with fewer than 50 worksite employees, who are domiciled outside of the state, who are licensed or registered in another state and who do not maintain an office in Oregon nor solicit clients within the state should be allowed a limited license.

### 2. **Extension of 14-day Requirement**

The rules (436-050-0410(1)) require PEOs to provide notice of additions and terminations within 14 days. Additional time is needed to submit this notice as existing clients can fail to inform PEOs of changes in circumstance (i.e. they have moved employees into or out of the state) within the 14-day window. A 30-day requirement would be better and aid in providing the state with the most accurate and timely client data.

### 3. **Recordkeeping**

Section 436-050-0450 of the rules requires PEOs to maintain a physical location in the state. We would prefer to see an option to maintain worker leasing records in an electronic storage format. A contact person could be identified and the department could access records immediately, upon request. This option would reduce the cost of maintaining a physical storage location.

### 4. **License Renewal Process**

Form 2466 requires submission of a vast amount of information on an annual basis that is, many times, duplicative. These annual submissions usually result in submission of voluminous amounts of paper and the reporting of information that hasn’t changed. We would suggest renewal applications only require submission of new or updated information, as opposed to drafting an entirely new application every year. This would streamline the application process and help to create more efficiency. In addition, we would ask the state to permit the acceptance of electronic filings and other assurance by an independent and qualified assurance organization approved by the state to satisfy registration requirements.

### 5. **Notice to Director of Lease Arrangement: Termination**

Section 436-050-0410(2) requires the worker leasing company to provide notice to Director of termination and such termination will be effective not less than 30 days after the notice is received by the director. We would prefer an exception to this rule in the event of client default. This would give the PEO the ability to terminate coverage on the *date of notification* in the event

a client has not paid their workers compensation premiums and would prohibit a client from continuing to receive coverage if premiums have not been timely paid.

## 6. **Terminology**

We ask the state use current industry terminology where appropriate. The industry is more commonly referred to as "Professional Employer Organizations," or "PEO" throughout the country. "Worker leasing company" is a term of art that is not frequently used outside of Oregon.