

MEMORANDUM

To: The Senate Committee on Commerce

From: The Office of Revisor of Statutes

Date: 3/4/2025

Re: H.B. 2092, as Introduced: Setting the time for professional employer organization registration expiration, renewal and the filing of audits with the secretary of state, limiting the method of providing surety for professional employer organizations with insufficient working capital to bonds and eliminating a market value measure of the sufficiency of such bonds.

I. REGISTRATIONS AND AUDIT REQUIREMENTS

A. Registrations to Automatically Expire October 15 following Issuance

Current law provides that a professional employer organization's¹ registration with the secretary of state expires 120 days after the end of the registrant's fiscal year. The PEO registrant is required to renew its registration within that 120-day period. The bill would change this to state that registrations expire on October 15 following the issuance of the registration. However, registrations issued on or after January 1, 2025, would expire on October 15, 2026.²

B. Filing of Annual Audits to Coincide with Registration Renewal; Not to be Older than 12 Months

Current law provides that a PEO applicant for registration must submit the most recent financial statement audit of such PEO or of the PEO's parent holding company at the time of initial registration. The PEO must then file succeeding audits annually thereafter within 120 days after the end of the PEO's or the parent holding company's fiscal year. The audit submitted with the initial registration must not be older than 13 months. The bill would change the timing of the audit filing requirement to coincide with the annual filing of the PEO's registration renewal

¹ Definitions for key terms used in the bill can be found in [K.S.A. 44-1702](#).

² Section 1, pg. 2, lines 31-35.

application. The bill would keep the 13-month recency requirement for the audit submitted with the initial registration, but succeeding audits filed with renewal registration applications could be no older than 12 months.³

II. SURETY REQUIREMENTS, INSUFFICIENT WORKING CAPITAL

Current law requires a PEO to maintain positive working capital as reflected in the audited financial statements submitted with the initial and each renewal application. If a PEO does not have sufficient positive working capital, the PEO must submit a bond, irrevocable letter of credit or securities with the secretary of state with a minimum "market" value equal to the amount necessary for the PEO to comply with the positive working capital requirement plus \$100,000. The bill would keep this requirement but would strike the reference to an irrevocable letter of credit or securities⁴ and the word "market".⁵

H.B. 2092 would become effective upon publication in the statute book.

³ Section 1, pg. 3, lines 31-34.

⁴ Sec. 2, pg. 4, line 43.

⁵ Sec. 2, pg. 5, line 1.