

Professional Employer Organization Registrations and Working Capital; HB 2092

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

Registrations, Renewals, and Audits

The bill replaces 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 exempts any registrations issued on or after January 1, 2025, from the automatic expiration; those registrations expire on October 15, 2026.

A PEO seeking to renew registration is required to file on an annual basis a succeeding audit not older than 12 months with its renewal registration application.

Insufficient Working Capital

For PEOs with insufficient working capital, the bill requires the PEO to submit only a bond covering all taxes, wages, benefits, or other entitlement due to covered employees if the PEO cannot make such payments when due. State law had previously also allowed an irrevocable letter of credit or securities to be submitted.

Continuing law requires 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.