

February 19, 2024

The Honorable Sean Tarwater, Chairperson  
House Committee on Commerce, Labor and Economic Development  
300 SW 10th Avenue, Room 346-S  
Topeka, Kansas 66612

Dear Representative Tarwater:

**SUBJECT:** Fiscal Note for HB 2790 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2790 is respectfully submitted to your committee.

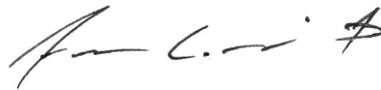
HB 2790 would transfer the compliance oversight and enforcement authority for professional employer organizations from the Department of Insurance to the Secretary of State. The bill would also require the organizations to file an initial registration and renewal applications. The Secretary would also assume responsibility for the Professional Employer Organization Fee Fund. The bill would allow initial registration and renewal applications, reports, and other documents to be filed electronically.

In addition, under the bill, a fully-insured welfare benefit plan offered by a professional employer organization to its employees and covered employees would be treated as a single employer welfare benefit plan. The bill would also make technical changes.

The Secretary of State indicates enactment of HB 2790 would not have a fiscal effect on the agency's operations. The agency indicates that it currently has Information Technology (IT) modernization priorities for business systems set through July 2026, which would limit the use of these resources until the modernization priorities are accomplished. The agency indicates that with the limited IT resources available to the agency and the pre-existing list of priority IT projects for business entities in the state, the realistic full implementation date would be no earlier than January 1, 2027. The agency would work with the Kansas Insurance Department to ensure smooth transition of the bill's provisions.

The Kansas Insurance Department indicates HB 2790 would decrease its fee fund revenues to the Professional Employer Organization Fee Fund (PEOFF) by \$113,340 in FY 2025 and FY 2026. However, the agency would no longer need the revenues since under HB 2790 the fund would be moved to the Secretary of State. The agency also indicates that the only expenditures from the PEOFF are for a portion of the salaries for four positions. After the fund is moved out of the Insurance Department, the salary expenditures would be paid from the Insurance Regulation Fee Fund. Any fiscal effect associated with HB 2790 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt  
Director of the Budget

cc: Sandy Tompkins, Office of the Secretary of State  
Bobbi Mariani, Insurance Department  
Dawn Palmberg, Department of Labor