

TESTIMONY IN FAVOR OF SB 373
Before the Senate Business, Labor, & Economic Affairs Committee
Jerry Keck, Administrator
Employment Relations Division
Department of Labor and Industry
February 15, 2005

Madam Chair, members of the committee, for your record my name is Jerry Keck. I am the Administrator of the Employment Relations Division of the Department of Labor and Industry. The Department is responsible for implementing the provisions of the professional employer organizations (PEO) act. SB 373 addresses issues in the PEO program.

First, the bill defines "financial statements" to provide consistency in the information provided to the Department as part of the annual application process.

Second, the bill removes the requirement that a PEO provide a certificate of good standing from the secretary of state's office. This information is now available on-line to the Department.

Third, the bill requires the applicant to provide "audited financial statements; or in the alternative provide compiled financial statements and a \$100,000 security deposit.

Fourth, the bill requires an applicant that does not meet the \$50,000 net worth requirement to provide security in an amount sufficient to cover the deficiency and meet the \$50,000 positive net worth requirement.

Finally, if the PEO is a member of a qualified assurance organization that certifies the PEO qualifications under the act, this will substitute for the requirements of submitting audited financial statements or security deposits.

All of these provisions are intended to provide protection for the businesses that use PEOs to supply their workers, protection to employees of the PEOs in the event they are injured or their wages are not paid; and create a level playing field for all PEOs by insuring they are all required to meet the same standards of fiscal soundness.

Madam chair, members of the committee. I urge your support for SB 373.