

Senate Bill 201: Alternate Employer Organizations
Written Testimony
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Chairman McColley, Vice Chair Johnson, Ranking Member Antonio, and members of the Ohio Senate Transportation, Commerce, and Workforce Committee, thank you for the opportunity to provide written testimony regarding our support for this initiative, Senate Bill 201 (SB 201). As you know, the Greater Cleveland Partnership (GCP) and its small business division, the Council of Smaller Enterprises (COSE), represent the most comprehensive small, middle market, and large business organization in the state with more than 12,000 business members in Northeast Ohio.

Professional Employer Organizations (PEOs) provide services to their employer clients – often small and middle market businesses – by assisting with an employer's human resources services or employee benefits and payroll. These entities allow job creators to spend more time and focus on running the day-to-day operations of a successful enterprise.

SB 201 would create Alternate Employer Organizations (AEOs) and they would function as a PEO, but the AEO would pay taxes under the federal Employer Identification Number (EIN) of its various client-employers – not the EIN of the PEO. Under the proposal, AEOs are substantially similar to PEOs and the bill regulates AEOs in a very comparable manner as PEOs. In addition, the bill contains an abundance of safeguards to ensure employer liability attaches to AEOs.

Simply stated, this legislation will provide another option for clients to access programs that offer co-employment programs that can be highly beneficial to small and mid-sized businesses across Ohio. An AEO offering in Ohio aims to bring down barriers some may find in trying to access pools for human resources services provided through co-employment programs. Service providers choosing to use the AEO format would gain no financial benefit, but an AEO aspires to offer their clients security and transparency.

We are appreciative of Senator Dolan's leadership and thank him for his work on SB 201. GCP believes the goal of this legislation is worthy of the legislature's support and we welcome the opportunity to continue working with you to foster a strong, vibrant business community in Ohio.