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Will Hart
Vice President of Payroll Tax
Group Management Services

Invited Testimony on SB263 Before the
Public Insurance & Pensions Committee

Chairman Peterson, Vice Chair Teska, Ranking Member White, and members of the House Public Insurance & Pensions Committee. Thank you for allowing me to testify today as a proponent of Senate Bill 263 and thank you to Senator Roegner for introducing this legislation.

My name is Will Hart, and I am Vice President of Payroll Tax for Group Management Services or GMS, a Professional Employer Organization founded and headquartered in Richfield, Ohio.

To begin, I would like to provide a high-level overview of the services delivered by a Professional Employer Organization (PEO). A PEO manages comprehensive human resource functions for small and medium-sized businesses, streamlining "hire-to-termination" processes and policies. This enables business owners to focus on their core operations while we handle essential but non-revenue-generating administrative responsibilities. We manage employment practices starting with the new hire application, screening, onboarding and tax setup. Throughout the duration of employment, we will calculate and fund payroll from a PEO bank account, pay child support and maintain a full complement of benefit and 401k packages. We also manage workers' compensation claims, safety policies, voluntary benefits and unemployment claims. Our service agreement covers the full suite of HR responsibilities.

GMS is recognized federally under Title 26; §3511 Certified Professional Employer Organizations. To retain our certification, we are required to maintain

a $1-million federal bond and undergo mandatory quarterly audits by an accredited CPA. Being certified by the IRS makes GMS the successor for tax purposes and allows us to file one federal payroll tax return and W2's under our federal id.

21 US states already offer PEO friendly programs which allow the PEO to file unemployment tax returns under their account. In December 2024, ODJFS approved a rule change which allowed for a concurrent employer program, otherwise known as a common paymaster, effective for January 2025. A concurrent employer is defined in sections §4141.13 as "…the employment of an individual with at least two substantially commonly owned, managed, or controlled employers during the same time period." GMS has no control or ownership stake with client employers. However, our co-employment agreement does permit us to manage HR, benefits, workers comp, unemployment, payroll, tax and other responsibilities.

The purpose of the paymaster program is to allow PEOs to file a consolidated tax return, combining reports for co-employers, instead of filing separate returns for each employer. As highlighted in Senator Roegner's testimony, Senate Bill 263 seeks to clarify the language of Ohio Revised Code §4141.24. This section currently states that a PEO is the employer for reporting purposes and requires that each shared employee of a single client employer be reported under a separate and unique subaccount of the professional employer organization. The proposed amendment to §4141.24 will provide clear authority for the PEO to file under one concurrent employer account, aligning with the intent of the paymaster program.

While my written testimony could be much longer, I would like to respect the time of the committee and allow for questions at this time.

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