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Sponsor Testimony
Senate Bill 263
House Public Insurance and Pensions Committee
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Chair Peterson, Vice-Chair Teska, Ranking Member White, and Members of the House Public Insurance and Pensions Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 263, which upon enactment would make changes regarding professional employer organizations and alternate employer organizations under the Unemployment Compensation Law.

I was contacted by a business in my district: Group Management Services (GMS), which is headquartered in Richfield, Ohio. They had identified an issue with our Ohio Revised Code that was causing them to file many more reports than was necessary. They had reached out to ODJFS who agreed with them in principle but pointed out that the law needed to be amended to correct this inefficiency.

Quite simply, Substitute Senate Bill 263 would allow professional employer organizations whether they would like to file unemployment wage and contribution reports with ODJFS on behalf of their clients in ONE filing, rather than filing individual reports for each client. The bill does this by providing an exception that "a professional employer organization or professional employer organization reporting entity may elect to report shared employees of a client employer under the account and experience rate of the professional employer organization or

professional employer organization reporting entity by giving notice to the director.[1]"

The committee will hear directly from a representative of GMS, who will be able to share firsthand experience of how cumbersome the process is today and what SB263 would mean for them in terms of cutting government red tape and increasing efficiency.

I am also thankful for the work that ODJFS put into helping us draft this legislation and am grateful that they are in full support of this bill. The committee will also hear from ODJFS as they will be providing proponent testimony on SB263. I would also like to thank Bob Blazer and the National Association of Professional Employer Organizations for helping us refine this bill.

In summary: Senate Bill 263 seeks to clarify the language of Ohio Revised Code §4141.24[2]. 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 change to §4141.24[3] will provide clear authority for the PEO to file under one concurrent employer account, aligning with the intent of the common paymaster program.

Thank you for the opportunity to testify today. I would be happy to answer any questions at this time; however, some questions may be answered more thoroughly by the proponents that follow.

[1] Lines 365-370 of Substitute Senate Bill 263
[2] https://codes.ohio.gov/ohio-revised-code/section-4141.24
[3] https://codes.ohio.gov/ohio-revised-code/section-4141.24