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February 13, 2024

Representative Paul Holvey, Chair  
House Committee on Business and Labor  
900 Court Street NE  
Salem H-277, OR 97301

**Re: HB 4005**

Dear Chair Holvey:

This firm represents the National Association of Professional Employer Organizations (NAPEO). On behalf of NAPEO, thank you for the opportunity to provide additional information regarding some issues that have arisen during discussions of HB 4005 and its proposed amendments.

Specifically, questions have arisen regarding the relationship between professional employer organizations (PEOs) and “worker leasing” companies under Oregon law.

Throughout the years, the PEO industry has had different designations among the states. For example, in states such as Florida and New Jersey, the PEO industry is referred to as the “employee leasing” industry. In Texas, until a statutory amendment, the PEO industry was referred to as the “staff leasing” industry. And in Oregon, PEOs have historically (since 1993) been referred to as the “worker leasing” companies. See ORS 656.850(1)(a). Other states, including those that have adopted PEO regulation more recently, use the term “professional employer organization” or “PEO.”

Despite the use of this different terminology, “worker leasing companies” and PEOs are one and the same under Oregon law. Therefore, in Oregon, all PEOs are licensed as “worker leasing companies” under state law.

In fact, the Oregon Workers’ Compensation Division [website](#) describes “worker leasing” as follows (emphasis provided):

*Worker leasing is an alternative for employers to manage the administrative functions of their workforce. Under a typical worker leasing arrangement, an employer contracts with a worker leasing company, **commonly called a professional employer organization (PEO)**, to co-employ all or most of the employer’s regular workforce. The PEO becomes the employer of record for*

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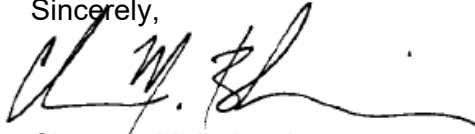
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*certain employer obligations, typically payroll, employment taxes, workers' compensation insurance, and Workers' Benefit Fund assessments.*

Thank you for the opportunity to provide additional information on behalf of NAPEO regarding these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "C. M. Belnavis", with a long horizontal flourish extending to the right.

Clarence M. Belnavis  
Partner  
For FISHER & PHILLIPS LLP

CMAB