

**Anne Donovan, President of Xenium HR**

**House Committee on Business and Labor Hearing on February 12, 2024 – written testimony**

Chairman Holvey and members of the committee, thank you for the opportunity to provide written comments on House Bill 4005.

My name is Anne Donovan and I am the President of Xenium HR. Xenium is a PEO company based in Tualatin, OR and we've been operating in Oregon for nearly 30 years.

I'm also the Oregon Leadership Council chair for the National Association of Professional Employer Organizations (NAPEO) which is our industry trade association. **I am writing today in opposition to House Bill 4005 and the proposed amendments.**

As a PEO, we partner with small businesses across Oregon from all industries, providing them employer services such as HR compliance, payroll and tax administration, benefits and 401k access, and workers' compensation coverage. Through our co-employment model, we provide and perform these services in a more efficient and cost-effective manner which helps our small business clients focus on what they do best, run and grow their business, and we, the PEO focus on all the administrative responsibilities of being an employer.

Xenium supports over 100 client companies and their 2500 worksite employees across the state - the majority of these clients have less than 25 employees. Our clients include small manufacturers, non-profits, professional service providers, and many other industries.

House Bill 4005 and its amendments end co-employment in the state of Oregon by stating there can only be one employer. If this bill passes, my company and our industry would cease to exist. Our entire existence as a PEO is to share in the employer responsibilities with our small business clients. Our Client Service Agreement defines that we take responsibility and liability for specific administrative employer functions, while our clients take responsibility for the direction, supervision, and control of their employees. We've operated successfully within this co-employment model for nearly three decades, and many of our original clients are still with us today.

This legislation will harm small businesses and their employees operating in Oregon who depend on PEOs to provide them with an array of programs and services. Specifically, if this bill passes, more than 3000 businesses and over 30,000 employees in the state of OR could lose their benefits, retirement plans, and workers' compensation coverage which they receive through their PEO. Notably, PEO's operate in all 50 states across the country - this bill would make Oregon the first, and only, state to make co-employment illegal.

It is our goal to work with members of the Oregon legislature to pass comprehensive PEO industry regulation next session to provide a clear set of definitions for the PEO industry as well as the relationship between PEOs, covered employees, and clients. Our industry is aware that

some of the language currently used in the WCD rules is antiquated (including the term worker leasing company). We believe this PEO legislation will give recognition to our industry, clarity to the state agencies, and install financial safeguards for the state. We'd like to bring all agencies and interested parties together to collaborate on solutions that work best for all, and we're committed to engage in that work.

Thank you, and once **again, I ask you to oppose HB 4005 and the proposed amendments.**

Respectfully submitted,

Anne Donovan  
President, Xenium HR