



March 31, 2025

Re: Support for House Bill 2236 and the -2 amendment

Chair Grayber, Vice Chairs Muñoz and Elmer, and Members of the Committee,

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 favor of House Bill 2236 and the -2 amendment.**

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.

Last year, the Oregon Employment Department proposed a rulemaking that would have reversed decades of precedence for PEOs who operate in Oregon and destabilized the regulatory environment for our clients. Many small businesses rely on PEOs to handle UI reporting to reduce administrative burdens, and the proposed rulemaking would have made it difficult to help our clients manage regulatory complexities.

The current SUTA reporting system has been effective and beneficial for businesses and workers in Oregon since 1989. Today, most PEOs report all Oregon and federal payroll taxes under a consolidated tax return which also affects new hire reporting, multiple worksite reporting, employee garnishment orders and annual reporting of W2s. If there was a reporting change requiring client companies to report UI wages under their account, it would create inconsistencies and would result in administrative and compliance challenges.

Our industry approached the Oregon Employment Department with our concerns about the negative impacts of the proposed rulemaking on small businesses. Representatives from our industry

suggested statutory language to provide assurance that we could continue operating and reporting SUTA as PEOs have for the last 30 years in Oregon. Our priority was maintaining a stable regulatory environment for our clients and reducing administrative burdens. After discussions with our trade association (NAPEO) and the Oregon Employment Department, we settled on language that reflects current practice and supports compliance. That agreement is reflected in the -2 amendment.

I appreciate Representative Shelly Boshart Davis for providing a forum for this conversation and the Oregon Employment Department for working with NAPEO on technical language to achieve the desired outcome. The -2 amendment provides statutory clarity that PEOs and their clients can continue reporting SUTA as they have been for decades. It reduces compliance risk, supports business stability and reduces costs.

As a PEO who operates in Oregon, I respectfully request your support of the -2 amendment to HB 2236.

Thank you,

Anne Donovan

Anne Donovan
President, Xenium HR
OR Leadership Council Chair for NAPEO