



March 31, 2025

Representative Dacia Grayber
Chair, House Committee On Labor and Workplace Standards
900 Court St. NE
Salem, Oregon 97301

RE: Testimony in SUPPORT of House Bill 2236 and the -2 Amendment

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

Founded in 1986, Insperity (NYSE: NSP) is a professional employer organization (PEO) and industry leader providing full-service HR solutions for small and mid-sized businesses. Nationally, Insperity serves more than 300,000 worksite employees across 47,000 small and mid-sized clients, and is an IRS Certified Professional Employer Organization, and accredited by the Employer Services Assurance Corporation. Insperity has a district sales office in Portland and has been conducting business as a licensed worker leasing company in Oregon for decades and today provides services to more than 680 clients and almost 2,000 worksite employees in the state.

PEOs, also known as worker leasing companies in Oregon, provide comprehensive human resources solutions, such as payroll processing, employee benefits administration, workers' compensation, and regulatory compliance for small and mid-sized businesses. Clients utilize a PEO as a solution to many of the unique challenges small business owners face, which helps businesses improve productivity, increase profitability, and focus on their core missions. Furthermore, employees working for small and mid-sized businesses that use a PEO gain access to employee benefits they might not typically receive as employees of a small business.

Businesses come to PEOs for a variety of reasons, but many times they are seeking assistance with administrative employer functions such as payroll, general HR services, and unemployment administration. Another important function of a PEO is ensuring compliance with the myriads of federal, state, and local employment laws and regulations. A daunting task for any business, PEOs assist in keeping these companies in compliance with an ever-changing legal landscape. Oftentimes, small businesses do not have in-house specialists, such as a dedicated payroll person or human resource professional. PEOs alleviate those burdens by serving as the administrative employer for the business so they can focus on their core competencies. Studies have shown that businesses that use a PEO grow faster, have less employee turnover, and are less likely to go out of business than those businesses that do not use a PEO.

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



The current SUTA reporting procedures have 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 encompasses new hire reporting, multiple worksite reporting, employee garnishment orders and annual reporting of W2s. If there was a reporting change requiring client companies to file all required unemployment tax reports under their individual accounts, it would create inconsistencies and result in significant compliance issues and administrative challenges for both the PEOs and our small business clients.

Following publication, the PEO industry approached the OED 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 and the OED, we developed language that reflects current practice and supports compliance with existing OED procedures. That agreement is reflected in the -2 amendment.

We sincerely appreciate Representative Shelly Boshart Davis for providing a forum for this conversation and the OED for working with our trade association on technical language to achieve the desired outcome. The -2 amendment provides statutory clarity so PEOs and our clients can continue reporting SUTA as they have been for decades, which will reduce compliance risk and support business stability.

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

Sincerely,

Michael Kreiter
Director, Governmental & Regulatory Affairs
Insperity
Michael.Kreiter@insperity.com