



Ohio Legislative Service Commission

Terry Steele

Fiscal Note & Local Impact Statement

Bill: S.B. 290 of the 130th G.A.

Date: May 27, 2014

Status: As Introduced

Sponsor: Sen. Patton

Local Impact Statement Procedure Required: No

Contents: Permits a professional employer organization to file federal taxes in any manner permitted by federal law

State Fiscal Highlights

- The bill permits a professional employer organization (PEO) to file federal taxes in any manner permitted by federal law. There does not appear to be any fiscal impact to this provision.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill permits a professional employer organization (PEO) to file federal taxes in any manner permitted by federal law. A PEO is an organization that enters into an agreement with one or more client employers for the purpose of co-employing all or part of the client employer's workforce at the client employer's work site. PEOs typically provide human resource administration, such as payroll and benefit management, and risk management to client employers. This arrangement is governed by a PEO agreement, which has a duration of not less than 12 months in accordance with the requirements of Ohio's PEO law. Ohio's Bureau of Workers' Compensation (BWC) administers PEO law. Under current BWC rules, a PEO must pay and report wages for shared employees under the tax identification number of the PEO for federal tax purposes. It can be assumed, under the bill, that the PEO could file taxes under the client employer's tax number or PEO's tax number, depending on which method is permitted by federal law. Because the bill pertains to the filing of federal taxes, the bill appears to have no apparent fiscal impact on the state or political subdivisions. BWC has indicated that as of this writing, there are 202 State Fund and ten self-insured PEO's in Ohio.

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