



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: COM DP 10-0-0-0 | 3rd Read 58-0-1-0-1

Senate: GOV DP 5-2-1-0 | 3rd Read 19-9-2-0-0

HB 2252: professional employer organization; repeal

Sponsor: Representative Wilmeth, LD 2

Transmitted to the Governor

Overview

Repeals statutes relating to the registration of Professional Employer Organizations (PEO).

History

According to the National Association of Professional Employer [Organizations](#), a PEO provides payroll, benefits, regulatory compliance assistance and other HR services to companies. Any person who is engaged in the business of providing professional employer services whether or not the person uses the term professional employer organization, staff leasing company, registered staff leasing company, employee leasing company or any other name is statutorily designated as a PEO. Statute requires PEOs to register with the Secretary of State (SOS). PEOs must maintain either: 1) a minimum net worth of at least \$100,000; or 2) a bond, an irrevocable letter of credit or securities that have a minimum market value of \$100,000. The bond must be held by a depository designated by the SOS ([Title 23, Chapter 3, Art. 4, A.R.S.](#)).

[Laws 2023, Chapter 144](#), extended the delayed implementation of statutes relating to Professional Employer Organization registration until June 30, 2024.

Provisions

1. Removes the requirement for a PEO to register with the SOS. (Sec. 2)
2. Changes the required PEO bond to be held in an insured depository institution, rather than by a depository designated by the SOS. (Sec. 3)
3. Repeals statutes relating to:
 - a) the registration of PEOs;
 - b) types of PEO registrations;
 - c) criminal acts and penalties for PEOs and clients of PEOs;
 - d) SOS authority to collect registration fees, adopt rules and penalties for PEO violations; and
 - e) the PEO Fund. (Sec. 2, 5)
4. Makes technical changes. (Sec. 1, 3, 4)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note