

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 4123-17-15

**Rule Type:** Amendment

**Rule Title/Tagline:** Professional employer organizations.

**Agency Name:** Bureau of Workers' Compensation

**Division:**

**Address:** 30 W. Spring St. Columbus OH 43215

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#### **I. Rule Summary**

1. **Is this a five year rule review?** No
  - A. **What is the rule's five year review date?** 8/1/2023
2. **Is this rule the result of recent legislation?** Yes
  - A. **If so, what is the bill number, General Assembly and Sponsor?** SB 201 - 133  
- Matt Dolan
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 4121.12, 4121.121, 4121.30, 4123.05, 4125.02
5. **What statute(s) does the rule implement or amplify?** 4123.34, 4125.01, 4125.02, 4125.03
6. **What are the reasons for proposing the rule?**

Proposed changes to these rules were necessitated by the passage of Am. Sub. S.B. 201 and the creation of Chapter 4133. of the Revised Code, which became effective on March 24, 2021. Chapter 4133. of the Revised Code governs the regulation of a new entity called alternate employer organizations (AEOs).

- 7. Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

The proposed rule sets forth definitions relating to AEO's and PEOs, the obligations of an AEO and a PEO, and requirements relating partial lease agreements.

BWC is charged with administration and enforcement of this chapter under R.C. 4133.02. The intent of these rule changes is to incorporate AEO regulations into the existing professional employer organization (PEO) rules. AEOs will operate, and be regulated by BWC, in a similar manner as PEOs.

- 8. Does the rule incorporate material by reference? No**
- 9. If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.**

*Not Applicable*

- 10. If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

*Not Applicable*

## **II. Fiscal Analysis**

- 11. Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.**

This will have no impact on revenues or expenditures.

0.00

Not Applicable.

- 12. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

There are no additional estimated costs for compliance as all under the client reporting is an option, not mandatory, for PEOs.

- 13. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No**

14. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No
15. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.

Not Applicable.

### **III. Common Sense Initiative (CSI) Questions**

16. Was this rule filed with the Common Sense Initiative Office? Yes
17. Does this rule have an adverse impact on business? Yes

- A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? No

Though not directly required by this rule, AEOs and PEOs must register to operate in Ohio pursuant to rule 4123-17-15.2 of the Ohio Administrative Code.

- B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? Yes

Failure to comply with this rule may result in denial or revocation of an AEO's, or a PEO's registration pursuant to rule 4123-17-15.7 of the Ohio Administrative Code.

- C. Does this rule require specific expenditures or the report of information as a condition of compliance? Yes

An AEO or a PEO must report entering into an agreement with a client employer, terminating an agreement with a client employer, changing an agreement with a client employer, and/or transferring employees established under Chapters 4121. and 4123. of the Revised Code.

- D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No

### **IV. Regulatory Restrictions (This section only applies to agencies indicated in R.C. 121.95 (A))**

**18. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? Yes**

**A. How many new regulatory restrictions do you propose adding? 6**

4123-17-15(D)"...must..."

4123-17-15(D)(8)"...shall..."

4123-17-15(D)(8)"...shall..."

4123-17-15(D)(8)"...shall..."

4123-17-15(D)(9)"...shall..."

4123-17-15(D)(10)"...shall..."

**B. How many existing regulatory restrictions do you propose removing? 0**