



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2009 Wisconsin Act 29**  
2009 Senate Bill 216

**Professional Employer  
Organizations**

Current law provides for the registration and regulation of professional employer organizations (PEOs) and professional employer groups (PEGs), pursuant to enactment of 2007 Wisconsin Act 189, which took effect on July 1, 2009. A thorough description of Act 189 is available at: <http://www.legis.state.wi.us/lc>. 2009 Wisconsin Act 29 (“Act 29”) makes some changes in those provisions.

A “professional employer organization” is defined as follows: a person that is engaged in the business of entering into written contracts for the provision of the nontemporary, ongoing employee workforce of a client and providing services under those contracts and that under those contracts has the obligation to pay the employees providing services for those clients from its own accounts, regardless of whether the person uses the term “professional employer organization,” “PEO,” “staff leasing company,” “registered staff leasing company,” “employee leasing company,” or “administrative employer,” or uses any other name, as part of the person’s business name or to describe the person’s business.

A “professional employer group” is defined as two or more PEOs that are controlled by the same person. [For simplicity, this Memo refers only to PEOs.]

### **Registration and Renewal**

Under current law, a PEO must register with the Department of Regulation and Licensing (DRL) in order to provide professional employer services in the state. An applicant must provide several items of information when applying for registration, including an independently audited financial statement setting forth the financial condition of the applicant. A PEO that was operating in Wisconsin on July 1, 2009 (“an existing PEO”) must register with DRL within 180 days of that date. Prior to enactment of Act 29, the initial registration for an existing PEO was valid until 180 days after the end of the first fiscal year of the PEO that ends more than one year after July 1, 2009. Under *Act 29*, the renewal date is July 31 of each year.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.

Prior to enactment of Act 29, a PEO that was not “engaged in the business of providing professional employer services” in Wisconsin on July 1, 2009 (“a new PEO”) had to register with DRL before engaging in that business in the state. Initial registration for a new PEO was valid until **180 days** after the end of the fiscal year of the PEO that ends after the date of initial registration. Under Act 29, that language is modified for consistency with the terminology for existing PEOs, stating that a new PEO must register with DRL before “operating as a PEO.” **Act 29** also requires new PEOs to renew their registration by July 31 each year.

**Extension of Renewal Period and Submission of Financial Statement**

Prior to enactment of Act 29, a PEO could apply to DRL for an extension of the renewal period if it submitted, with the application for renewal, a letter from the certified public accountant (CPA) that was auditing the PEO’s financial statement, stating the reasons for the delay and the anticipated completion date of the audit. **Act 29** does not permit an extension of the renewal period, but allows a PEO to request an extension of the time to submit the updated financial statement by providing the CPA letter described above with the renewal application.

**Offering or Providing Services or Advertising as a PEO**

Prior to enactment of Act 29, no person could do any of the following without first registering as a PEO with DRL: (1) offer or provide professional employer services; (2) advertise that the person is a PEO or provides professional employer services; or (3) otherwise hold the person out as a PEO. **Act 29** rewords that language to “prohibit a person from operating” as a PEO or advertising that the person is a PEO unless the person is registered with DRL.

**Use of Titles or Other Descriptors**

**Act 29** prohibits a person from designating as a title, or appending to the person’s name or describing the person’s business using, the words or letters “professional employer organization,” “PEO,” “professional employer group,” “PEG,” “staff leasing company,” “registered staff leasing company,” “employee leasing company,” “administrative employer,” or similar titles or letters, unless the person is registered with DRL.

**Effective Date:** Act 29 took effect on July 11, 2009.

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