

February 12, 2024

Representative Paul Holvey  
Chairman, House Business and Labor Committee  
900 Court St NE  
Salem, OR H-277, OR 97301

**RE: Written Testimony in OPPOSITION of HB 4005, “Relating to an individual’s performance of services for an employer.”**

Dear Chairman Holvey:

ADP TotalSource appreciates the opportunity to provide comments on HB 4005. We are extremely concerned that HB 4005 and the proposed amendments, which eliminate the co-employment relationship between professional employer organizations (PEOs) and their clients, will disrupt the services and benefits that we offer Oregon small businesses and worksite employees.

ADP TotalSource is the country’s largest PEO with over 14,000 clients and more than 650,000 worksite employees. In Oregon, our footprint includes a local office in Clackamas, over 100 small business clients and approximately 7,000 worksite employees.

Our integrated suite of services incorporates both traditional and Web-based products including human resources (HR) administration, professional development training, regulatory and compliance management, payroll and tax administration and reporting, retirement plan services, workers' compensation and benefits administration, and access to a leading-edge Human Resource Management System and robust employee benefit packages. Our business supports small businesses and helps them grow while providing top of the line benefits and services to their existing employees who become our co-employees.

PEOs have a co-employment relationship with their clients, a relationship that is critical to the PEO business model. A PEO becomes the W-2 employer for its clients and in so doing takes on responsibility for things including HR management and payroll and benefits administration. ADP TotalSource reports and submits to the IRS all payroll taxes and withholdings for all its worksite employees under the ADP TotalSource Federal Tax ID number.

Elimination of the co-employment relationship would prevent us from operating in the state and would cause disruption to the many Oregon businesses and residents currently benefitting from PEO services. As such, we respectfully urge you to oppose HB 4005 and the proposed amendments. It is critical to ensuring PEOs can continue to serve our Oregon small business clients and co-employees.

Thank you again for the opportunity to provide comments and for your consideration. If you have any questions, please contact me at [melissa.kelly@adp.com](mailto:melissa.kelly@adp.com).

Sincerely,

Melissa Kelly  
Senior Director, Government Affairs