

Insights, News & Events

NEW REGISTRATION LAW MIGHT CATCH SOME KENTUCKY PEOs BY SURPRISE: WHAT YOUR BUSINESS NEEDS TO DO TO COMPLY

Insights
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A new Kentucky law that passed in 2022 has completely changed the landscape of PEO licensing in the state – and some of the registration requirements may catch even the most diligent businesses off guard. A few of the more notable features of House Bill 506 include new limited and group registration options, the annual requirement of audited financial statements, a new modest annual fee, and — after the initial registration period — permitting ESAC accreditation as a substitute for registration and financial reporting requirements. But did you know that your state registration may need to be updated soon even if you believe you have plenty of time to do so? What do Kentucky PEOs need to know about this potential hidden trap?

Registration May Be Needed Sooner Than You Think

PEOs operating in Kentucky whose current registration is not set to expire until sometime after January 10, 2023, may think there is nothing else you need to do until your current registration expires. However, this is not so – that’s according to the Department of Workers’ Claims (DWC), which is the PEO Regulator in Kentucky.

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The DWC recently confirmed to Fisher Phillips that the new PEO registration law that went into effect in July 2022 (based largely on the NAPEO Model Act) requires each PEO doing business in Kentucky to complete initial registration under the revised Act. This is true even if the PEO is currently licensed and not due for renewal any time soon.

Stated somewhat differently, all current Kentucky PEO registrations are no longer valid after July 14, 2022. And all PEOs must engage in the initial registration process using the new procedures. The DWC has set January 10, 2023, as the date by which every PEO must be initially registered using the new procedures.

What Should You Do?

Initially, until the system is set up to fully accept electronic submissions (which is envisioned at some point in the future), each PEO operating in Kentucky will need to log on to [the DWC website](#) and create a new account.

Once on the DWC website, you can scroll down to find a helpful user guide button that you can download and a link to the PEO Registration System login to start the process. You will provide basic information online to start the application process and will need a Kentucky unemployment account number to complete the process.

When the online registration process is complete, you will be able to print a PEO Form 22-1. You should print this form and send it to DWC, along with the audited financial statement, registration fee, and guaranty (if a group application).

Since all PEOs must complete the initial registration, DWC staff expects a logjam may occur if all PEOs wait until January 10, 2023 to register. Early completion of the process will help the DWC to better manage the process and would be greatly appreciated – by both DWC and your business.

Conclusion

We will monitor developments related to the PEO industry and provide updates as needed, so make sure to [subscribe to our FP Insights](#) to stay up to speed. If you have any questions, reach out to your Fisher Phillips attorney, the author of this Insight, or any member of our [PEO and Staffing Team](#).