

Registration of Professional Employer Organizations

Hawaii Revised Statutes (HRS), Chapter 373L, amended by the Hawaii State Legislature in 2013, requires that every professional employer organization (PEO) register with the Department of Labor and Industrial Relations (DLIR) prior to entering into any professional employer agreement with any client company in this State. In accordance with this requirement, the DLIR will accept applications for registration beginning on July 1, 2013 from entities that meet the following definitions set forth in Chapter 373L, HRS:

"Professional employer organization" means any person that is a party to a professional employer agreement with a client company and whose covered employees perform services on a long-term, rather than temporary or project specific basis. The term does not include temporary help services, staff leasing, or other similar arrangements.

"Professional employer agreement" means a written contract by and between a client company and a professional employer organization that:

- (1) Provides for covered employees to the client company;
- (2) Describes the duties and responsibilities of the client company and the professional employer organization with respect to the covered employees; and
- (3) Includes a declaration by the professional employer organization of the professional employer organization's responsibilities under Section 373L-B¹, HRS.

"Client company" means any person that enters into a professional employer agreement with a professional employer organization and has covered employees.

Should your organization meet the above criteria and it is considered a professional employer organization, registration is required which includes, but not limited to registration fees; payroll information; most recent Internal Revenue Service (W-3); surety bond or irrevocable letter of credit equivalent to the required bond amount based on a sliding scale described in chapter 373L, HRS.

For more information on the current registration requirements and how to register, or on any registration requirement changes that result from the amendments made in 2013, please contact the PEO Answer Line at (808) 586-2694.

¹ This will be numbered when the amendments to chapter 373L are codified