

### Small Business Impact Statement

(As required by M.G.L. c. 30A §§ 2, 3 & 5)

**CMR No: 454 CMR 30.00**

#### Estimate of the Number of Small Businesses Impacted by the Regulation:

##### Select Yes or No and Briefly Explain

Yes X	No <input type="checkbox"/>	Will small businesses have to create, file, or issue additional reports? Newly enacted legislation (M.G.L. c. 149, sec.s 192-203 requires businesses that provides professional employer services for client companies to register with the Department of Labor Standards. Both the statute and this proposed regulation require companies to provide the department with proof of positive working capital and a surety bond. PEOs will have to file or otherwise make available annual financial audits to the department.
Yes X	No <input type="checkbox"/>	Will small businesses have to implement additional recordkeeping procedures? The companies that are subject to this regulation are required to keep a copy of all documents required by 454 CMR 30.13(1). PEOs shall retain the complete records as required to be kept under this section without deletions or expungement of information related to all covered employees including, communications, confirmations, financial records, and contracts for three years after the termination of the PEO agreement or the three years after the termination of the covered employee's employment with the client, whichever occurs first.
Yes X	No <input type="checkbox"/>	Will small businesses have to provide additional administrative oversight? The annual renewal of registration that is submitted to the DLS is reviewed and signed by a senior management official at the company.
Yes <input type="checkbox"/>	No X	Will small businesses have to hire additional employees in order to comply with the proposed regulation? No. Most businesses should be able to prepare their registration materials using their own in-house expertise and staff. About one third of PEOs are certified by ESAC and ESAC intends to offer registration services.
Yes <input type="checkbox"/>	No X	Does compliance with the regulation require small businesses to hire other professionals (e.g. a lawyer, accountant, engineer, etc.)? An annual financial audit is required to insure PEOs have positive working capital but there is no specific requirement that would otherwise require an accountant or additional professionals be hired. Additionally, membership and/or certification with ESAC is completely voluntary.
Yes <input type="checkbox"/>	No X	Does the regulation require small businesses to purchase a product or make any other capital investments in order to comply with the regulation?

		Businesses subject to this regulation are not required to make any capital investment to comply with the regulation.
Yes <input type="checkbox"/>	No X	Are performance standards more appropriate than design/operational standards to accomplish the regulatory objective? (Performance standards express requirements in terms of outcomes, giving the regulated party flexibility to achieve regulatory objectives and design/operational standards specify exactly what actions regulated parties must take.) No.
Yes <input type="checkbox"/>	No X	Do any other regulations duplicate or conflict with the proposed regulation? No.
Yes X	No <input type="checkbox"/>	Does the regulation require small businesses to cooperate with audits, inspections or other regulatory enforcement activities? The department shall have the right to inspect the premises and the records of all PEOs and to interview clients, employers, and workers. The director may suspend or revoke the registration of any PEO that fails to furnish records and requested information to the department or its inspector, or if the PEO hinders or interferes with any authorized inspector while in the performance of his or her duties
Yes <input type="checkbox"/>	No X	Does the regulation require small businesses to provide educational services to keep up to date with regulatory requirements? No.
Yes <input type="checkbox"/>	No X	Is the regulation likely to <i>deter</i> the formation of small businesses in Massachusetts? No. Moreover, the regulation will insure that PEOs providing outsourced human resource tasks to small business clients in all sectors will be adequately financed and bonded thus making them reliable alternatives to performing the same employer services in-house. Creating standards for PEOs and registering PEOs that comply with such standards allows emerging small businesses the option to focus on development of their specific product, sales, services, manufacturing, etc. for they can outsource their employer services to registered PEOs.
Yes X	No <input type="checkbox"/>	Is the regulation likely to <i>encourage</i> the formation of small businesses in Massachusetts? Many PEOs are large national companies that are required by statute to register with the Department of Labor Standards by February of 2019. But, to the extent that the regulation spells out precisely how any company, big or small, can become registered as a PEO, perhaps the regulatory instruction may demystify the process and prompt a few smaller businesses to get into the field.
Yes <input type="checkbox"/>	No X <input type="checkbox"/>	Does the regulation provide for less stringent compliance or reporting requirements for small businesses? Not really. Most of the requirements that appear in the regulation come directly from the statute. DLS was given little latitude with respect to the such requirements and in areas where DLS has leeway it is exercising discretion to make sure the regulation is not overly-burdensome and is in conformity with our already existing regulations governing compliance of similar businesses like staffing agencies, placement agencies and employment agencies.

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Does the regulation establish less stringent schedules or deadlines for compliance or reporting requirements for small businesses? The deadline for compliance is statutorily set and the reporting requirements in the regulation mirrors those set by law.
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Did the agency consolidate or simplify compliance or reporting requirements for small businesses? No. These requirements are set by statute.
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Can performance standards for small businesses replace design or operational standards without hindering delivery of the regulatory objective? No.
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Are there alternative regulatory methods that would minimize the adverse impact on small businesses? No.