

Second Regular Session
Sixty-sixth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 08-0316.02 Kristen Forrestal

SENATE BILL 08-114

SENATE SPONSORSHIP

Veiga, and Tochtrop

HOUSE SPONSORSHIP

(None),

Senate Committees

Business, Labor and Technology

House Committees

A BILL FOR AN ACT

101 CONCERNING REQUIRED ACTS OF EMPLOYEE LEASING COMPANIES BY
102 THE DEPARTMENT OF LABOR AND EMPLOYMENT.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Requires an employee leasing company to pay wages and unemployment taxes for all covered employees. Specifies that the contract provisions of the "Workers' Compensation Act of Colorado" apply to employee leasing companies and work-site employers equally. Requires an employee leasing company to annually file a renewal of its certification along with evidence that the employee leasing company

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

meets specified financial criteria and to remit a fee as determined by the executive director of the department of labor and employment (department).

Authorizes the department to reduce or waive the bonding requirement for an employee leasing company.

Prohibits a person from acting as an employee leasing company without certification from the department. Authorizes the department to take disciplinary action against an employee leasing company and to impose a fine or rescind the ability to make unemployment insurance contributions.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 8-70-114 (2) (a), (2) (b) (VII), (2) (b) (VIII), and (2)
3 (e), Colorado Revised Statutes, are amended, and the said 8-70-114 (2)
4 is further amended BY THE ADDITION OF A NEW PARAGRAPH, to
5 read:

6 **8-70-114. Employing unit - definitions - rules - employee**
7 **leasing company certification fund.** (2) (a) For purposes of this
8 section:

9 (I) "COEMPLOYER" MEANS EITHER AN EMPLOYEE LEASING
10 COMPANY OR A WORK-SITE EMPLOYER.

11 (II) "COEMPLOYMENT RELATIONSHIP" MEANS A RELATIONSHIP
12 THAT IS INTENDED TO BE AN ONGOING RELATIONSHIP RATHER THAN A
13 TEMPORARY OR PROJECT SPECIFIC ONE, WHEREIN THE RIGHTS, DUTIES, AND
14 OBLIGATIONS OF AN EMPLOYER THAT ARISE OUT OF AN EMPLOYMENT
15 RELATIONSHIP HAVE BEEN ALLOCATED BETWEEN COEMPLOYERS
16 PURSUANT TO AN EMPLOYEE LEASING COMPANY CONTRACT AND THIS
17 SECTION. IN A COEMPLOYMENT RELATIONSHIP:

18 (A) THE EMPLOYEE LEASING COMPANY IS ENTITLED TO ENFORCE
19 ONLY SUCH EMPLOYER RIGHTS AND IS SUBJECT TO ONLY THOSE
20 OBLIGATIONS SPECIFICALLY ALLOCATED TO THE EMPLOYEE LEASING

1 COMPANY BY THE EMPLOYEE LEASING COMPANY CONTRACT AND THIS
2 SECTION;

3 (B) THE WORK-SITE EMPLOYER MAY ENFORCE THOSE RIGHTS AND
4 SHALL PROVIDE AND PERFORM THOSE EMPLOYER OBLIGATIONS
5 ALLOCATED TO THE WORK-SITE EMPLOYER BY THE EMPLOYEE LEASING
6 COMPANY CONTRACT AND THIS SECTION; AND

7 (C) THE WORK-SITE EMPLOYER MAY ENFORCE ANY RIGHT AND
8 SHALL PERFORM ANY OBLIGATION OF AN EMPLOYER NOT SPECIFICALLY
9 ALLOCATED TO THE EMPLOYEE LEASING COMPANY BY THE EMPLOYEE
10 LEASING COMPANY CONTRACT OR THIS SECTION.

11 (III) "COVERED EMPLOYEE" OR "WORK-SITE EMPLOYEE" MEANS AN
12 INDIVIDUAL WHO IS IN AN EMPLOYMENT RELATIONSHIP WITH BOTH AN
13 EMPLOYEE LEASING COMPANY AND A WORK-SITE EMPLOYER WHO MEETS
14 ALL OF THE FOLLOWING CRITERIA:

15 (A) THE INDIVIDUAL HAS RECEIVED WRITTEN NOTICE OF
16 COEMPLOYMENT WITH THE EMPLOYEE LEASING COMPANY; AND

17 (B) THE INDIVIDUAL'S COEMPLOYMENT RELATIONSHIP IS
18 PURSUANT TO AN EMPLOYEE LEASING COMPANY CONTRACT SUBJECT TO
19 THIS SECTION.

20 (IV) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR AND
21 EMPLOYMENT.

22 (H) (V) "Employee leasing company" means any person, business,
23 or other entity that provides services to a work-site employer, as defined
24 in subparagraph (H) (VII) of this paragraph (a), pursuant to an employee
25 leasing company contract, as defined in subparagraph (H) (VI) of this
26 paragraph (a).

27 (H) (VI) "Employee leasing company contract" means any written

1 staff leasing contract, extended employee staffing or supply contract, or
2 other contract under which an employee leasing company procures or
3 receives from a work-site employer specified coemployer responsibilities
4 for specified employees, designating itself as employer of such
5 employees, and retaining the right of direction and control of such
6 employees with regard to those employer responsibilities, including the
7 rights and responsibilities set forth in paragraph (b) of this subsection (2).
8 An employee leasing company may have other responsibilities pursuant
9 to an employee leasing company contract, including provision of
10 professional guidance with regard to employment matters.

11 ~~(HH)~~ (VII) "Work-site employer" means any person, business, or
12 other entity that procures the services of an employee leasing company
13 under an employee leasing company contract and otherwise retains
14 direction and control of the employees specified in the contract regarding
15 responsibilities not specified in the contract pertaining to the business of
16 the work-site employer.

17 (b) Notwithstanding the provisions of subsection (1) of this
18 section, an employee leasing company shall be considered an employing
19 unit or the coemployer of a work-site employer's employees if, pursuant
20 to an employee leasing company contract with the work-site employer, it
21 has the following rights and responsibilities:

22 (VII) EACH EMPLOYEE LEASING COMPANY SHALL PAY WAGES AND
23 COLLECT, REPORT, AND PAY ALL PAYROLL-RELATED TAXES FROM ITS OWN
24 ACCOUNTS FOR ALL COVERED EMPLOYEES. EACH EMPLOYEE LEASING
25 COMPANY SHALL PAY UNEMPLOYMENT COMPENSATION INSURANCE TAXES
26 AND PROVIDE, MAINTAIN, AND SECURE ALL RECORDS AND DOCUMENTS
27 REQUIRED OF WORK-SITE EMPLOYERS UNDER THE UNEMPLOYMENT

1 INSURANCE LAWS OF THIS STATE FOR COVERED EMPLOYEES. FOR
2 UNEMPLOYMENT REPORTING PURPOSES, EACH EMPLOYEE LEASING
3 COMPANY IS THE ONLY EMPLOYING UNIT FOR COVERED EMPLOYEES AND
4 SHALL HAVE the responsibility for unemployment compensation insurance
5 as required of an employer pursuant to the "Colorado Employment
6 Security Act", articles 70 to 82 of this title.

7 (VIII) An employee leasing company, as the employing unit or
8 coemployer, may aggregate all employees for the purpose of sponsoring
9 and administering workers' compensation plans pursuant to article 44 of
10 this title and fully insured health coverage plans, as defined in section
11 10-16-102 (22.5), C.R.S., employee pension benefit plans, and provision
12 of benefits pursuant to such plans. As employing units or coemployers,
13 employee leasing companies shall be entitled to sponsor fully insured
14 employer plans and offer employee benefits to the full extent afforded
15 employers by law. A health plan sponsored by an employee leasing
16 company with an aggregate of more than fifty employees shall comply
17 with all the provisions of Colorado law that apply to large employer
18 health plans, including consumer and provider protections, mandated
19 benefits, nondiscrimination and fair marketing rules, preexisting
20 limitations, and other required health plan policy provisions, and the
21 carrier underwriting the plan shall be responsible for assuring compliance
22 with this requirement pursuant to section 10-16-214 (5), C.R.S.
23 Notwithstanding any provision of this section to the contrary, any
24 workers' compensation insurance carrier may issue an insurance policy
25 that insures either the employee leasing company or the work-site
26 employer as the employer pursuant to the "Workers' Compensation Act
27 of Colorado", articles 40 to 47 of this title. ARTICLE 41 OF THIS TITLE

1 SHALL APPLY TO BOTH THE EMPLOYEE LEASING COMPANY AND THE
2 WORK-SITE EMPLOYER, REGARDLESS OF WHETHER THE POLICY IS ISSUED
3 TO THE EMPLOYEE LEASING COMPANY OR THE WORK-SITE EMPLOYER.
4 Notwithstanding any provision of this section to the contrary, any
5 insurance carrier may issue an insurance policy that insures the employee
6 leasing company as the employer pursuant to article 16 of title 10, C.R.S.
7 An insurance carrier that issues an insurance policy to an employee
8 leasing company shall be entitled to rely upon a copy of the certification
9 filed by the employee leasing company with the department of labor and
10 employment under paragraph (e) of this subsection (2), if such
11 certification is currently valid, for the purpose of determining whether the
12 leasing company is an "employer" under Colorado law.

13 (e) Each employee leasing company shall maintain and have open
14 for inspection by the department of labor and employment a listing of its
15 work-site employers and their collective employees and shall maintain the
16 records and reports as required by the "Colorado Employment Security
17 Act", as described in articles 70 to 82 of this title. Each employee leasing
18 company shall annually certify with an independent opinion of counsel to
19 the department that it is in compliance with the rights and responsibilities
20 set forth in paragraph (b) of this subsection (2) and that it is offering to
21 all clients in its service agreements those items required in paragraph (b)
22 of this subsection (2). THE EXECUTIVE DIRECTOR OF THE DEPARTMENT
23 SHALL PRESCRIBE FORMS AND PROMULGATE RULES TO PROMOTE THE
24 EFFICIENT ADMINISTRATION OF THIS PARAGRAPH (e). The department of
25 labor and employment may require employee leasing companies to submit
26 documentation to show compliance with the provisions of paragraph (b)
27 of this subsection (2) and may conduct any necessary review to verify that

1 the employee leasing company is an employing unit or coemployer under
2 this section. EACH EMPLOYEE LEASING COMPANY SHALL FILE AN ANNUAL
3 RENEWAL OF ITS CERTIFICATION ON OR BEFORE JUNE 30 OF EACH YEAR.

4 (g) (I) EACH EMPLOYEE LEASING COMPANY OPERATING WITHIN
5 THIS STATE AS OF THE EFFECTIVE DATE OF THIS PARAGRAPH (g) SHALL
6 COMPLETE ITS INITIAL CERTIFICATION NOT LATER THAN SIXTY DAYS AFTER
7 THE EFFECTIVE DATE OF THIS PARAGRAPH (g). THE INITIAL CERTIFICATION
8 SHALL BE VALID UNTIL THE END OF THE STATE'S FIRST FISCAL YEAR THAT
9 IS MORE THAN ONE YEAR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH
10 (g).

11 (II) AN EMPLOYEE LEASING COMPANY NOT OPERATING WITHIN
12 THIS STATE AS OF THE EFFECTIVE DATE OF THIS PARAGRAPH (g) SHALL
13 COMPLETE ITS INITIAL CERTIFICATION PRIOR TO COMMENCEMENT OF
14 OPERATIONS WITHIN THIS STATE.

15 (III) EACH EMPLOYEE LEASING COMPANY SHALL ANNUALLY
16 CERTIFY AND PROVIDE EVIDENCE TO THE DEPARTMENT THAT IT MEETS ONE
17 OF THE FOLLOWING CRITERIA TO PROVIDE SECURITIZATION OF
18 UNEMPLOYMENT TAXES:

19 (A) EXECUTE AND FILE A SURETY BOND OR DEPOSIT WITH THE
20 DIVISION MONEY OR A LETTER OF CREDIT EQUIVALENT TO FIFTY PERCENT
21 OF THE AVERAGE ANNUAL AMOUNT OF UNEMPLOYMENT TAX ASSESSED
22 WITHIN THE PREVIOUS CALENDAR YEAR. FOR A NEW EMPLOYEE LEASING
23 COMPANY, THE INITIAL BOND AMOUNT WILL BE THE STANDARD TAX RATE
24 MULTIPLIED BY FIFTY PERCENT OF THE ESTIMATED PROJECTED TAXABLE
25 PAYROLL FOR THE CURRENT CALENDAR YEAR AS ESTIMATED BY THE
26 EMPLOYEE LEASING COMPANY.

27 (B) PROVIDE THE MOST RECENT INDEPENDENTLY AUDITED

1 FINANCIAL STATEMENT PREPARED BY A CERTIFIED PUBLIC ACCOUNTANT
2 PURSUANT TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, WHICH
3 STATEMENT MAY NOT BE OLDER THAN THIRTEEN MONTHS. THE AUDIT
4 SHALL ALSO INCLUDE ITEMS THAT DEMONSTRATE AN ACCOUNTING
5 WORKING CAPITAL OF NOT LESS THAN ONE HUNDRED THOUSAND DOLLARS.
6 FOR THE PURPOSES OF THIS SUB-SUBPARAGRAPH (B), "WORKING CAPITAL"
7 OF AN EMPLOYEE LEASING COMPANY MEANS THE EMPLOYEE LEASING
8 COMPANY'S CURRENT ASSETS MINUS THE EMPLOYEE LEASING COMPANY'S
9 CURRENT LIABILITIES AS DETERMINED BY GENERALLY ACCEPTED
10 ACCOUNTING PRINCIPLES.

11 (C) PROVIDE SUFFICIENT EVIDENCE ON AN ANNUAL BASIS THAT IT
12 HAS BEEN ACCREDITED BY A BONDED, INDEPENDENT, AND QUALIFIED
13 ASSURANCE ORGANIZATION APPROVED BY THE DIRECTOR OF THE DIVISION
14 THAT PROVIDES SATISFACTORY ASSURANCE OF COMPLIANCE ACCEPTABLE
15 TO THE DEPARTMENT.

16 (IV) THE DEPARTMENT MAY, AT ITS DISCRETION, REDUCE OR
17 WAIVE THE BONDING, MONEY, OR LETTER OF CREDIT REQUIREMENTS IN
18 SUB-SUBPARAGRAPH (A) OF SUBPARAGRAPH (III) OF THIS PARAGRAPH (g).
19 THIS WAIVER OR REDUCTION MAY BE REVIEWED AT ANY TIME, AND IN THE
20 DEPARTMENT'S DISCRETION, IT MAY REQUIRE THE EMPLOYEE LEASING
21 COMPANY TO RESUME COMPLIANCE WITH SUB-SUBPARAGRAPH (A) OF
22 SUBPARAGRAPH (III) OF THIS PARAGRAPH (g) OR PROVIDE EVIDENCE OF
23 COMPLIANCE WITH SUB-SUBPARAGRAPH (B) OR (C) OF SUBPARAGRAPH
24 (III) OF THIS PARAGRAPH (g) IMMEDIATELY.

25 (V) AN EMPLOYEE LEASING COMPANY SHALL, WITHIN FIFTEEN
26 DAYS FOLLOWING ANY DEDUCTION FROM A MONEY DEPOSIT OR SALE OF
27 DEPOSITED SECURITIES UNDER THE PROVISIONS OF SUB-SUBPARAGRAPH

1 (A) OF SUBPARAGRAPH (III) OF THIS PARAGRAPH (g), DEPOSIT SUFFICIENT
2 ADDITIONAL MONEYS OR SECURITIES TO MAKE WHOLE THE EMPLOYEE
3 LEASING COMPANY'S DEPOSIT AT THE PRIOR LEVEL. ANY CASH REMAINING
4 FROM THE DEPARTMENT'S SALE OF SUCH SECURITIES SHALL BE A PART OF
5 THE EMPLOYEE LEASING COMPANY'S ESCROW ACCOUNT. THE
6 DEPARTMENT MAY, AT ANY TIME, REVIEW THE ADEQUACY OF THE DEPOSIT
7 MADE BY ANY EMPLOYEE LEASING COMPANY. IF, AS A RESULT OF SUCH
8 REVIEW, THE DEPARTMENT DETERMINES THAT AN ADJUSTMENT IS
9 NECESSARY, IT SHALL REQUIRE THE EMPLOYEE LEASING COMPANY TO
10 MAKE AN ADDITIONAL DEPOSIT WITHIN THIRTY DAYS AFTER RECEIPT OF
11 WRITTEN NOTICE OF THE DEPARTMENT'S DETERMINATION OR SHALL
12 RETURN TO THE EMPLOYEE LEASING COMPANY SUCH PORTION OF THE
13 DEPOSIT AS THE DEPARTMENT NO LONGER CONSIDERS NECESSARY,
14 WHICHEVER ACTION IS APPROPRIATE.

15 (VI) UPON FILING AN ANNUAL CERTIFICATION UNDER THIS
16 SECTION, AN EMPLOYEE LEASING COMPANY SHALL PAY A FEE, AS
17 DETERMINED BY RULE OF THE DEPARTMENT, NOT TO EXCEED FIVE
18 HUNDRED DOLLARS. FEES COLLECTED PURSUANT TO THIS SECTION SHALL
19 BE TRANSMITTED TO THE STATE TREASURER, WHO SHALL CREDIT THE
20 SAME TO THE EMPLOYEE LEASING COMPANY CERTIFICATION FUND,
21 REFERRED TO IN THIS SECTION AS THE "FUND", WHICH IS HEREBY CREATED
22 IN THE STATE TREASURY. MONEYS IN THE FUND SHALL BE SUBJECT TO
23 ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY FOR
24 IMPLEMENTATION OF THIS SECTION. THE MONEYS IN THE FUND AND
25 INTEREST EARNED ON THE MONEYS IN THE FUND SHALL NOT REVERT TO
26 THE GENERAL FUND OR BE TRANSFERRED TO ANY OTHER FUND AND SHALL
27 BE EXEMPT FROM SECTION 24-75-402, C.R.S. NO FEE CHARGED PURSUANT

1 TO THIS SECTION SHALL EXCEED THE AMOUNT REASONABLY NECESSARY
2 FOR THE ADMINISTRATION OF THIS SECTION.

3 (VII) THE DEPARTMENT SHALL MAINTAIN A LIST OF EMPLOYEE
4 LEASING COMPANIES THAT SUBMIT CERTIFICATIONS REQUIRED UNDER
5 PARAGRAPH (e) OF THIS SUBSECTION (2) THAT IS READILY AVAILABLE TO
6 THE PUBLIC BY ELECTRONIC OR OTHER MEANS.

7 (VIII) ALL RECORDS, REPORTS, AND OTHER INFORMATION
8 OBTAINED FROM AN EMPLOYEE LEASING COMPANY UNDER THIS SECTION,
9 EXCEPT TO THE EXTENT NECESSARY FOR THE PROPER ADMINISTRATION OF
10 THIS SECTION BY THE DEPARTMENT, SHALL BE HELD CONFIDENTIAL AND
11 SHALL NOT BE PUBLISHED OR OPEN TO PUBLIC INSPECTION OTHER THAN TO
12 PUBLIC EMPLOYEES IN THE PERFORMANCE OF THEIR PUBLIC DUTIES,
13 PURSUANT TO PROVISIONS GOVERNING RECORDS AND REPORTS IN THIS
14 TITLE.

15 **SECTION 2.** 80-70-114, Colorado Revised Statutes, is amended
16 BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to
17 read:

18 **8-70-114. Employing unit - definitions - rules - employee**
19 **leasing company certification fund. (7) Employment arrangements.**

20 NOTHING IN THIS SECTION OR IN ANY EMPLOYEE LEASING COMPANY
21 CONTRACT SHALL:

22 (a) DIMINISH, ABOLISH, OR REMOVE RIGHTS OF COVERED
23 EMPLOYEES OF A WORK-SITE EMPLOYER OR OBLIGATIONS OF SUCH
24 WORK-SITE EMPLOYER TO A COVERED EMPLOYEE EXISTING PRIOR TO THE
25 EFFECTIVE DATE OF THE EMPLOYEE LEASING COMPANY CONTRACT;

26 (b) AFFECT, MODIFY, OR AMEND ANY CONTRACTUAL RELATIONSHIP
27 OR RESTRICTIVE COVENANT BETWEEN A COVERED EMPLOYEE AND ANY

1 WORK-SITE EMPLOYER IN EFFECT AT THE TIME AN EMPLOYEE LEASING
2 COMPANY CONTRACT BECOMES EFFECTIVE. NOR SHALL IT PROHIBIT OR
3 AMEND ANY CONTRACTUAL RELATIONSHIP OR RESTRICTIVE COVENANT
4 THAT IS ENTERED INTO SUBSEQUENTLY BETWEEN A WORK-SITE EMPLOYER
5 AND A COVERED EMPLOYEE. AN EMPLOYEE LEASING COMPANY SHALL
6 HAVE NO RESPONSIBILITY OR LIABILITY IN CONNECTION WITH, OR ARISING
7 OUT OF, ANY SUCH EXISTING OR NEW CONTRACTUAL RELATIONSHIP OR
8 RESTRICTIVE COVENANT UNLESS THE EMPLOYEE LEASING COMPANY HAS
9 SPECIFICALLY AGREED OTHERWISE IN WRITING.

10 (c) CREATE ANY NEW OR ADDITIONAL ENFORCEABLE RIGHT OF A
11 COVERED EMPLOYEE AGAINST AN EMPLOYEE LEASING COMPANY THAT IS
12 NOT SPECIFICALLY PROVIDED BY THE EMPLOYEE LEASING COMPANY
13 CONTRACT OR THIS SECTION.

14 (8) **Prohibited acts and enforcement.** (a) A PERSON SHALL NOT
15 OFFER OR PROVIDE EMPLOYEE LEASING COMPANY SERVICES OR USE THE
16 NAMES EMPLOYEE LEASING COMPANY, PROFESSIONAL EMPLOYER
17 ORGANIZATION, PEO, STAFF LEASING, EMPLOYEE LEASING,
18 ADMINISTRATIVE EMPLOYER, OR OTHER TITLE REPRESENTING EMPLOYEE
19 LEASING SERVICES WITHOUT FIRST OBTAINING CERTIFICATION FROM THE
20 DEPARTMENT UNDER THIS SECTION.

21 (b) A PERSON SHALL NOT KNOWINGLY PROVIDE FALSE OR
22 FRAUDULENT INFORMATION TO THE DEPARTMENT IN CONJUNCTION WITH
23 ANY CERTIFICATIONS OR IN ANY REPORT REQUIRED UNDER THIS SECTION.

24 (c) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT MAY TAKE
25 DISCIPLINARY ACTION AGAINST AN EMPLOYEE LEASING COMPANY FOR A
26 VIOLATION OF PARAGRAPH (a) OR (b) OF THIS SUBSECTION (8), FOR THE
27 CONVICTION IN A COURT OF LAW FOR A CRIME ARISING FROM THE

1 OPERATION OF AN EMPLOYEE LEASING COMPANY RELATING TO FRAUD OR
2 DECEIT OR THE ABILITY OF THE EMPLOYEE LEASING COMPANY TO OPERATE
3 AS SUCH, FOR KNOWINGLY MAKING A MATERIAL MISREPRESENTATION TO
4 THE DEPARTMENT OR OTHER GOVERNMENTAL AGENCY, OR FOR A WILLFUL
5 VIOLATION OF THIS SECTION OR ANY ORDER OR RULE ISSUED BY THE
6 DEPARTMENT UNDER THIS SECTION.

7 (d) UPON FINDING, AFTER NOTICE AND OPPORTUNITY FOR
8 HEARING, THAT AN EMPLOYEE LEASING COMPANY HAS VIOLATED ONE OR
9 MORE PROVISIONS OF THIS SECTION, THE DIRECTOR OF THE DIVISION MAY:

10 (I) PLACE THE CERTIFIED EMPLOYEE LEASING COMPANY ON
11 PROBATION FOR A PERIOD AND SUBJECT TO CONDITIONS THAT THE
12 DIRECTOR OF THE DIVISION SPECIFIES;

13 (II) IMPOSE AN ADMINISTRATIVE PENALTY IN AN AMOUNT NOT TO
14 EXCEED ONE THOUSAND DOLLARS FOR EACH MATERIAL VIOLATION; AND

15 (III) REFUSE TO ACCEPT THE CERTIFICATION AND RESCIND THE
16 EMPLOYEE LEASING COMPANY'S ABILITY TO MAKE UNEMPLOYMENT
17 INSURANCE CONTRIBUTIONS FOR WORK-SITE EMPLOYEES UNDER ITS
18 UNEMPLOYMENT INSURANCE ACCOUNT.

19 **SECTION 3. Effective date.** This act shall take effect at 12:01
20 a.m. on the day following the expiration of the ninety-day period after
21 final adjournment of the general assembly that is allowed for submitting
22 a referendum petition pursuant to article V, section 1 (3) of the state
23 constitution, (August 6, 2008, if adjournment sine die is on May 7, 2008);
24 except that, if a referendum petition is filed against this act or an item,
25 section, or part of this act within such period, then the act, item, section,
26 or part, if approved by the people, shall take effect on the date of the
27 official declaration of the vote thereon by proclamation of the governor.