

Worker Leasing

Topic of Interest

Worker leasing is an alternative for employers to manage the administrative functions of their work force. A worker leasing company is commonly known as a professional employer organization (PEO). Employers enter into an arrangement with a worker leasing company that hires workers, perhaps even the same workers the employer already had, and leases the workers to the employer under a contract for a fee. Worker leasing companies take on the responsibility of payroll, employment taxes, and Workers' Benefit Fund assessments. They may also offer workers' compensation insurance, retirement options, and medical benefits.

Requirements of a worker leasing company:

Worker leasing companies must be licensed in Oregon before providing worker leasing services. The licensing process includes, but is not limited to:

- Submitting a complete application,
- Providing evidence of workers' compensation coverage,
- Authorization from Oregon Corporation Division to conduct business in Oregon,
- Having a representative in Oregon with a principal place of business for records retention,
- Providing a plan of operation,
- Providing verification of tax compliance, and
- Paying the required licensing fee.

Information for the required application materials can be obtained from the WCD website at: www.wcd.oregon.gov. Once you access that Web site, click on the Worker Leasing Company link.

In a worker leasing arrangement, the worker leasing company's workers' compensation insurance covers both the provided workers and any subject workers the client may also have. Workers' compensation coverage can be maintained by either the worker leasing company or the leasing client, but not both. **An employer can have only one workers' compensation insurer at a time responsible for injury claims.** Worker leasing companies cannot provide coverage for only the workers they supply to clients, nor can leasing clients provide coverage only for non-leased workers. If the client company has workers' compensation coverage, the client's coverage covers all the workers.

Reference: ORS 656.850
OAR 436-050-0400 – 0470
Bulletin 273 – Workers' Compensation Insurance Coverage and Reporting Requirements for Worker Leasing Companies

For more information contact:

Worker Leasing Program (503) 947-7815 or (503) 947-7544