

# SENATE . . . . . No. 2652

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Senate, July 25, 2018 -- Text of amendment (171) (offered by Senator Rodrigues) to the House Bill relative economic development in the commonwealth

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## The Commonwealth of Massachusetts

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In the One Hundred and Ninetieth General Court  
(2017-2018)  
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1 by inserting after section 12 the following sections:

2 "SECTION 12A. Said chapter 149 is hereby further amended by adding the following 12  
3 sections:-

4 Section 192. As used in this section and in sections 193 to 203, inclusive, the following  
5 words shall have the following meanings unless the context clearly requires otherwise:

6 "Client" or "client company", a person who enters into a professional employer  
7 agreement with a professional employer organization.

8 "Covered employee", an individual employed in a PEO relationship where the  
9 individual's employment is subject to a professional employer agreement; provided, however,  
10 that "covered employee" shall include individuals who are officers, directors, shareholders,  
11 partners and managers of the client, except to the extent the professional employer organization  
12 and the client have expressly agreed in the professional employer agreement that such  
13 individuals shall not be covered employees; provided further, that such individuals meet the  
14 criteria of this paragraph and act as operational managers or perform day-to-day operational  
15 services for the client.

16 “Director”, the director of the department of labor standards.

17 “Employment agency”, as defined in section 46A of chapter 140.

18 “PEO group”, 2 or more professional employer organizations that are majority-owned or  
19 commonly controlled by the same entity, parent or controlling person.

20 “PEO relationship”, a co-employment relationship, in which all the rights, duties and  
21 obligations of an employer that arise out of an employment relationship have been allocated  
22 between the PEO and the client pursuant to a professional employer agreement; provided,  
23 however, that a staffing agency and an employment agency shall not be a PEO; provided further,  
24 that in a PEO relationship: (i) the professional employer organization shall be entitled to enforce  
25 only such employer rights and is subject to only those obligations allocated in the professional  
26 employment agreement or as specifically required pursuant to section 192 to 203, inclusive; (ii)  
27 the client shall be entitled to enforce those rights, and obligated to provide and perform those  
28 employer obligations, allocated to the client by the written professional employer agreement; (iii)  
29 the client shall be entitled to enforce any right and obligated to perform any obligation of an  
30 employer not specifically allocated to the PEO or section 192 to 203, inclusive; and (iv) neither  
31 the client nor the PEO may delegate duties and responsibilities to the other unless such  
32 delegation is provided in the professional employer agreement and the covered employees are  
33 informed about this delegation of duties and responsibilities.

34 “Person”, an individual, partnership, corporation, limited liability company, association  
35 or any other form of legally recognized entity.

36 “Professional employer agreement”, a written contract by and between a client and a  
37 professional employer organization that: (i) provides for the PEO relationship of covered

38 employees; (ii) allocates employer rights and obligations between the client and the professional  
39 employer organization with respect to the covered employees; and (iii) allocates the  
40 responsibilities between the professional employer organization and the client; provided,  
41 however, that a professional employer agreement shall not affect, modify or amend any  
42 employee rights under federal, state, local or municipal law or abrogate obligations of the client  
43 or the PEO to covered employees under such laws.

44 “Professional employer organization” or “PEO”, any person engaged in the business of  
45 providing professional employer services who is subject to registration and regulation pursuant  
46 to sections 192 to 203, inclusive, regardless of its use of the term or conducting business as a  
47 professional employer organization staff leasing company, registered staff leasing company,  
48 employee leasing company, administrative employer or any other name; provided, however, that  
49 the following shall not be deemed to be professional employer organizations or providing  
50 professional employment services: (i) arrangements wherein a person, whose principal business  
51 activity is not entering into professional employer arrangements and that does not hold itself out  
52 as a PEO, shares employees with a commonly owned company within the meaning of section  
53 414(b) and section 414(c) of the Internal Revenue Code of 1986, as amended; (ii) independent  
54 contractor arrangements as governed by section 148B; or (iii) services provided by an  
55 employment agency or staffing agency.

56 “Professional employer services”, the service of entering into PEO relationships in which  
57 all or a majority of the employees providing services to a client or to a division or work unit of  
58 the client are covered employees.

59 “Registrant”, a PEO registered pursuant to section 196.

60 “Staffing agency”, as defined in section 159C.

61 “Wages”, shall include all forms of remuneration for employment.

62 Section 193. (a) Nothing contained in sections 192 to 203, inclusive, or in any  
63 professional employer agreement shall affect, modify or amend any collective bargaining  
64 agreement or the rights or obligations of any client, PEO or covered employee under chapter  
65 150A, chapter 150E, the federal National Labor Relations Act, the federal Railway Labor Act or  
66 any other applicable federal or state law.

67 (b) Collective bargaining, if commenced after an agreement is entered into between a  
68 PEO and a client, shall be conducted as required by federal and state law.

69 (c) Nothing in sections 192 to 203, inclusive, or in any professional employer agreement  
70 shall:

71 (i) diminish, abolish or remove rights of covered employees to a client or obligations of  
72 such client to a covered employee existing prior to the effective date of the professional  
73 employer agreement under federal or state law;

74 (ii) affect, modify or amend any contractual relationship or restrictive covenant between a  
75 covered employee and any client in effect at the time a professional employer agreement  
76 becomes effective or prohibit or amend any contractual relationship or restrictive covenant that is  
77 entered into subsequently between a client and a covered employee; provided, however, that a  
78 PEO shall have no responsibility or liability in connection with, or arising out of, any such  
79 existing or new contractual relationship or restrictive covenant unless the PEO has specifically  
80 agreed otherwise in writing; or

81 (iii) affect, modify or amend any employee rights under federal, state, local or municipal  
82 law.

83 Section 194. (a) Nothing in sections 192 to 203, inclusive, or any professional employer  
84 agreement shall affect, modify or amend any federal, state or local licensing, registration or  
85 certification requirement applicable to any client or covered employee.

86 (b) A covered employee who is required to be licensed, registered or certified according  
87 to law or regulation shall be deemed solely an employee of the client for purposes of any such  
88 license, registration or certification requirement.

89 (c) A PEO shall not be engaged in any occupation, trade, profession or other activity that  
90 is subject to licensing, registration or certification requirements or is otherwise regulated by a  
91 government agency solely by entering into and maintaining a PEO relationship with a covered  
92 employee who is subject to such requirements or regulation.

93 (d) A client shall have the sole right of direction and control of the professional or  
94 licensed activities of covered employees and of the client's business. Covered employees and  
95 clients shall remain subject to regulation by the regulatory or governmental entity responsible for  
96 licensing, registration or certification of such covered employees or clients.

97 Section 195. (a) For purposes of the determination of tax credits and other economic  
98 incentives provided by the commonwealth or other government entity and based on employment,  
99 covered employees shall be deemed solely the client's employees. A client shall be entitled to the  
100 benefit of any tax credit, economic incentive or other benefit arising as the result of the  
101 employment of covered employees of such client. Notwithstanding that the PEO is the reporting  
102 employer for the purposes of the federal Internal Revenue Service form W-2, the client shall

103 continue to qualify for the benefit, incentive or credit. If the grant or amount of any benefit,  
104 incentive or credit is based on number of employees, then each client shall be treated as  
105 employing only those covered employees involved in a PEO relationship by such client. Covered  
106 employees working for other clients of the PEO shall not be counted. Each PEO shall provide,  
107 upon request by a client or by agency employment information reasonably required for  
108 administration of any tax credit or economic incentive and necessary to support any request,  
109 claim, application or other action by a client seeking any tax credit or economic incentive.

110 (b) With respect to a bid, contract, purchase order or agreement entered into with the  
111 commonwealth or a political subdivision thereof, a client company's status or certification under  
112 federal or state law as a small, minority-owned, disadvantaged, woman-owned business or other  
113 underutilized class of enterprise shall not be affected because the client company has entered into  
114 a PEO relationship.

115 Section 196. (a) Except as otherwise provided in sections 192 to 203, inclusive, no person  
116 shall provide, advertise or otherwise hold itself out as providing professional employer services  
117 in the commonwealth, unless such person is registered pursuant to this section.

118 (b) Each applicant for registration shall provide the department with the following  
119 information:

120 (i) the name or names under which the PEO conducts business or will conduct business;

121 (ii) the address of the principal place of business of the PEO and the address of each  
122 office it maintains in the commonwealth;

123 (iii) the taxpayer or employer identification number of the PEO;

124 (iv) a list by jurisdiction of each name under which the PEO has operated in the  
125 preceding 5 years, including any alternative names, names of predecessors and, if known,  
126 successor business entities;

127 (v) a statement of ownership, which shall include the name and evidence of the business  
128 experience of any person that, individually or acting in concert with one or more other persons,  
129 owns or controls or will own or control if known or reasonably known at the time of registration,  
130 directly or indirectly, not less than 25 per cent of the equity interests of the PEO;

131 (vi) a statement of management, which shall include the name and evidence of the  
132 business experience of any person who serves or will serve, if known or reasonably known at the  
133 time of registration, as president, chief executive officer or otherwise has the authority to act as  
134 senior executive officer of the PEO;

135 (vii) A financial statement setting forth the financial condition of the PEO or PEO group;  
136 provided, however, that at the time of application for a new license, as part of the financial  
137 statement, the applicant shall submit an audit of the applicant, which shall be the most recent  
138 audit available and shall not be more than 13 months old; provided further, that nothing in this  
139 clause shall be construed as to require the department to conduct the audit; provided further, that  
140 a PEO or PEO group shall file on an annual basis, at the time of renewal, a succeeding audit;  
141 provided further, that an applicant may apply for an extension with the department but any such  
142 request shall be accompanied by a letter from the auditors stating the reasons for the delay and  
143 the anticipated audit completion date; provided further, that the financial statement shall be  
144 prepared in accordance with generally accepted accounting principles and the audit shall be  
145 conducted by an independent certified public accountant licensed to practice in the jurisdiction in

146 which such accountant is located and shall be without qualification as to the going concern status  
147 of the PEO; provided further, that a PEO group or a PEO that is part of an organizational  
148 structure in which it is majority owned or commonly controlled by an entity, parent or  
149 controlling person may submit combined or consolidated audited financial statements to meet the  
150 requirements of this section; and provided further, that a PEO that has not had sufficient  
151 operating history to have audited financials based upon not less than 12 months of operating  
152 history shall meet the financial capacity requirements in subsections (l) and (m) and shall present  
153 financial statements reviewed by a certified public accountant; and

154 (viii) a list of clients including client name, physical address, telephone number and  
155 federal identification number.

156 (c) A PEO shall complete its initial registration prior to initiating operations within the  
157 commonwealth. If a PEO that is not registered in the commonwealth becomes aware that an  
158 existing client not based in the commonwealth has employees and operations in the  
159 commonwealth, the PEO shall decline to provide PEO services for those employees or notify the  
160 department within 5 business days of its knowledge of the fact and file a full business  
161 registration within 5 business days if there are more than 15 covered employees. The department  
162 may issue an interim operating permit for the period the registration applications are pending if:  
163 (i) the PEO is currently registered or licensed by another state; and (ii) the department  
164 determines it to be in the best interests of the potential covered employees.

165 (d) Upon expiration of its registration, the registrant shall renew its registration by  
166 notifying the department of any changes in the information provided in the registrant's most



167 recent registration or renewal. A registrant's existing registration shall remain in effect during the  
168 pendency of a renewal application.

169 (e) PEOs in a PEO group may satisfy the reporting and financial requirements established  
170 pursuant to this section on a combined or consolidated basis; provided, however, that each  
171 member of the PEO group guarantees the financial capacity obligations pursuant to clause (vii)  
172 of subsection (b) for each member of the PEO group. In the case of a PEO group that submits a  
173 combined or consolidated audited financial statement, including entities that are not PEOs or that  
174 are not in the PEO group, the controlling entity of the PEO group under the consolidated or  
175 combined statement shall guarantee the obligations of the PEOs in the PEO group.

176 (f) A PEO that is part of an organizational structure in which it is majority owned or  
177 commonly controlled by an entity, parent or controlling person may submit a combined or  
178 consolidated audited financial statement provided the controlling entity under the consolidated or  
179 combined statement guarantees the obligations of the PEO.

180 (g) The department shall maintain a list of PEOs registered pursuant to this section and  
181 shall make the list readily available to the public by electronic or other means.

182 (h) The department may prescribe forms necessary to promote the efficient  
183 administration of this section.

184 (i) Applications, documents, reports and other filings shall be submitted in a manner  
185 determined by the director, which may also include the acceptance of electronic filings and other  
186 assurance by an independent and qualified assurance organization approved by the director that  
187 provides satisfactory assurance of compliance acceptable to the director consistent with or in lieu  
188 of the requirements of subsections (b) to (g), inclusive, subsection (k) and other requirements of

189 sections 192 to 203, inclusive. The director shall permit a PEO to authorize such an approved  
190 assurance organization to act on the PEO's behalf in complying with the registration  
191 requirements pursuant to this section, including electronic filings of information and payment of  
192 registration fees. Use of such an approved assurance organization shall be optional and not  
193 mandatory for a registrant. Nothing in this subsection shall limit or change the department's  
194 authority to register or terminate registration of a professional employer organization or to  
195 investigate or enforce this chapter.

196 (j) All records, reports and other information obtained from a PEO for the purposes of  
197 section 196, except to the extent necessary for the department's proper administration of this  
198 chapter, shall be confidential and shall not be published or open to public inspection except  
199 public employees in the performance of their public duties or otherwise in accordance with  
200 federal or state law.

201 (k) The department shall establish by regulation any fee to be charged for initial  
202 registration, renewal or group registration.

203 (l) Except as provided by subsection (e) and (f), each PEO or collectively each PEO  
204 group shall maintain:

205 (i) positive working capital, as defined by generally accepted accounting principles, proof  
206 of which shall be submitted at registration as reflected in the financial statements submitted to  
207 the department with the initial registration and each annual renewal; and

208 (ii) a surety bond in the amount of \$250,000, proof of which shall be submitted at the  
209 time of registration; provided, however, that the surety bond required shall be in a form

210 acceptable to the director and maintained while the license remains in effect or any obligations or  
211 liabilities of the registrant remain outstanding.

212 (m) A PEO or PEO group without positive working capital may provide a bond,  
213 irrevocable letter of credit or securities with a minimum market value equaling the deficiency  
214 plus \$250,000. Such bond shall be held by a depository designated by the department, securing  
215 payment by the PEO of all taxes, wages, benefits or other entitlement due to or with respect to  
216 covered employees, if the PEO does not make such payments when due.

217 Section 197. (a) Except as specifically provided in sections 192 to 203, inclusive, and in  
218 the professional employer agreement pursuant to this section, or under any subsequent written  
219 agreement or amendment, in each PEO relationship:

220 (i) the client shall be entitled to exercise all rights, and shall be obligated to perform all  
221 duties and responsibilities, otherwise applicable to an employer in an employment relationship;

222 (ii) the PEO shall be entitled to exercise only those rights, and obligated to perform only  
223 those duties and responsibilities, specifically required pursuant to sections 192 to 203, inclusive,  
224 or those set forth in the professional employer agreement; provided, however, that the rights,  
225 duties and obligations of the PEO with respect to any covered employee shall be limited to those  
226 arising pursuant to the professional employer agreement and those required pursuant to this  
227 chapter during the term of the PEO relationship with such covered employee; and

228 (iii) unless otherwise expressly agreed to by the PEO and the client in a professional  
229 employer agreement, the client retains the exclusive right to direct and control the covered  
230 employees as is necessary to conduct the client's business, to discharge any of the client's

231 fiduciary responsibilities or to comply with any licensure requirements applicable to the client or  
232 to the covered employees.

233 (b) Except as specifically provided in sections 192 to 203, inclusive, the PEO relationship  
234 between the client and the PEO, the relationship between the PEO and each covered employee  
235 and the relationship between the client and each covered employee shall be governed by the  
236 professional employer agreement.

237 Each professional employer agreement shall include:

238 (i) the allocation of rights, duties and obligations as described in subsection (a);

239 (ii) the extent that the PEO has assumed responsibility in the professional employer  
240 agreement; (A) where the PEO shall have responsibility to pay such wages to covered  
241 employees; (B) to withhold, collect, report and remit payroll-related and unemployment taxes;  
242 and (C) to make payments for employee benefits for covered employees; and

243 (iii) that the PEO shall have a right to hire and terminate a covered employee as may be  
244 necessary to fulfill the PEO's responsibilities pursuant to sections 192 to 203, inclusive, the  
245 professional employer agreement or as actually delegated by the client; provided, however, that  
246 the client shall have a right to hire, discipline and terminate a covered employee.

247 (c) Upon initiation of the PEO relationship: (i) the PEO shall provide the client a notice;  
248 (ii) the client shall post said notice in a conspicuous place at the client's worksite; and (iii)  
249 depending on the customary way that the client communicates with its employees, the client  
250 shall provide a hard copy or an electronic copy of the notice to the employees. The notice shall  
251 contain:

252 (i) notice of the general nature of the co-employment relationship between and among the  
253 professional employer organization, the client and such covered employees, including the rights,  
254 responsibilities and duties that the PEO and the client have with respect to the covered  
255 employees;

256 (ii) the name and telephone number of the department;

257 (iii) the name and telephone number of the PEO;

258 (iv) disclosure if the benefit plan is self-funded or is not fully insured;

259 (v) the name of the workers' compensation carrier and the policy number; whether the  
260 PEO or the client maintains the workers' compensation policy and performs safety inspections at  
261 the workplace; and a phone number or contact to report injuries and hazardous worksite  
262 conditions; and

263 (vi) a multilingual tagline on the notice provided by the department in languages required  
264 under clause (iii) of subsection (d) of section 62A of chapter 151A that includes the name and  
265 telephone number of the department and states that the notice contains important information  
266 that should be translated.

267 (d) Upon termination, and in accordance with applicable federal and state law, the PEO  
268 shall provide covered employees with written notice of the termination of the PEO relationship.  
269 The notice can be provided electronically if that is the customary manner in which the client and  
270 the PEO communicate with the covered employee.

271 (e) Except to the extent otherwise expressly provided by the applicable professional  
272 employer agreement:

273 (i) a client shall be solely responsible for the quality, adequacy or safety of the goods or  
274 service produced or sold in the client's business;

275 (ii) a client shall be solely responsible for directing, supervising, training and controlling  
276 the work of the covered employees with respect to the business activities of the client and solely  
277 responsible for the acts, errors or omissions of the covered employees with regard to such  
278 activities;

279 (iii) a client shall be solely responsible for the payment of any wages to covered  
280 employees and to make payments for employee benefits for covered employees;

281 (iv) a client shall be solely responsible for safety, risk and hazard control at the worksite  
282 and compliance with related state and federal laws;

283 (v) upon termination of the PEO relationship, the client shall be solely responsible for  
284 providing employees with information regarding the handling of claims and benefits;

285 (vi) a client shall not be liable for the acts, errors or omissions of a PEO, or of any  
286 covered employee of the client and a PEO, when such covered employee is acting under the  
287 express direction and control of the PEO;

288 (vii) a PEO shall not be liable for the acts, errors or omissions of a client, or of any  
289 covered employee of the client, when such covered employee is acting under the express  
290 direction and control of the client;

291 (viii) nothing in this subsection shall serve to limit any contractual liability or obligation  
292 specifically provided in the written professional employer agreement;

293 (ix) a covered employee shall not be, solely as the result of being a covered employee of  
294 a PEO, an employee of the PEO for purposes of general liability insurance, fidelity bonds, surety  
295 bonds, employer's liability that is not covered by workers' compensation or liquor liability  
296 insurance carried by the PEO unless the covered employees are included by specific reference in  
297 the professional employer agreement and applicable prearranged employment contract, insurance  
298 contract or bond;

299 (x) nothing in this section shall in any way limit the liabilities and obligations of any PEO  
300 or client to covered employees as required by this chapter;

301 (xi) the client shall be solely responsible for notifying the PEO of all covered employees;  
302 provided, however, that where the client has failed to notify the PEO, the client will be deemed  
303 to be the sole employer of the employee; and

304 (xii) the client shall retain all records in compliance with state and federal law including,  
305 but not limited to, section 52C, section 15 of chapter 151 and 29 CFR 516; provided, however,  
306 that if an obligation under this clause is allocated to a PEO, the PEO shall disclose to a covered  
307 employee, upon request, the documents retained under this clause as required by state and federal  
308 law.

309 Section 198. (a) An tax assessed or assessment or mandated expenditure on a per capita  
310 or per employee basis shall be assessed against the client for covered employees and against the  
311 PEO for its employees who are not covered employees involved in a PEO relationship with a  
312 client. Benefits or monetary consideration that meet the requirements of mandates imposed on a  
313 client and that are received by covered employees through the PEO through payroll or through

314 benefit plans sponsored by the PEO shall be credited against the client's obligation to fulfill such  
315 mandates.

316 (b) If there is a tax or an assessment imposed or calculated upon the basis of total payroll,  
317 the PEO shall be eligible to apply any small business allowance or exemption available to the  
318 client for the covered employees for purpose of computing the tax.

319 Section 199.

320 (a) Workers' compensation coverage shall be provided pursuant to section 14A of  
321 chapter 152 and regulations promulgated pursuant to said chapter 152.

322 (b) PEOs and clients shall comply with employer posting notices pursuant to sections 21  
323 and 22 of said chapter 152.

324 (c) To the extent the PEO has assumed responsibility in the professional employer  
325 agreement, the PEO shall maintain responsibility for the management of workers' compensation  
326 claims.

327 (d) The professional employer agreement shall specify the allocation of responsibilities  
328 between the PEO and the client for workplace safety, risk and hazard control including the  
329 responsibility for disclosing information about workplace injuries and illness required by the  
330 federal Occupational Safety and Health Act and for performing workplace safety inspections of  
331 all premises where covered employees are employed.

332 (e) Where the PEO has workers' compensation coverage and has executed an alternate  
333 employer endorsement naming the client as an additional insured, both the client and the PEO  
334 shall be considered the employer for purpose of coverage under said chapter 152.



335 (f) Where the client has workers' compensation coverage and has executed an alternate  
336 employer endorsement naming the PEO as an additional insured, both the client and the PEO  
337 shall be considered the employer for the purpose of coverage under said chapter 152.

338 Section 200. (a) For purposes of chapter 151A, covered employees of a PEO shall be  
339 considered the employees of the client and the PEO shall be responsible for the payment of  
340 contributions, penalties and interest on wages paid by the PEO to its covered employees during  
341 the term of the applicable professional employer agreement.

342 (b) The PEO shall report and pay all required contributions to the unemployment  
343 compensation fund using the state employer account number and the experience rate of the client  
344 company pursuant to chapter 151A and the regulations promulgated pursuant to said chapter  
345 151A.

346 Section 201. Except as otherwise provided in this chapter, for the purposes of federal,  
347 state or local laws relating to employee count, including, but not limited to, paid and unpaid  
348 leave, health and transportation benefits and protection under fair employment laws, the  
349 employee count shall include all of the client company's employees, including the client's  
350 employees who are covered employees under the PEO relationship between the client and the  
351 PEO.

352 Section 203. (a) A person shall not knowingly and intentionally:

353 (i) offer or provide professional employer services or use the names PEO, professional  
354 employer organization, staff leasing, employee leasing, administrative employer or other title  
355 representing professional employer services without registering with the department pursuant to  
356 section 196;

357 (ii) provide false or fraudulent information to the department in conjunction with any  
358 registration, renewal or in any report required pursuant to sections 192 to 203, inclusive;

359 (iii) enter into a PEO relationship and split a client workforce for the sole purpose of  
360 avoiding compliance with federal, state or municipal laws; or

361 (iv) make a material misrepresentation to the department, to other governmental agencies  
362 or to covered employees.

363 (b) Disciplinary action may be taken by the department for violation of sections 192 to  
364 203, inclusive, including for:

365 (i) the conviction of a PEO or a controlling person of a PEO of a crime that relates to the  
366 operation of a PEO or the ability of the licensee or a controlling person of a licensee to operate a  
367 PEO;

368 (ii) knowingly making a material misrepresentation to the department or other  
369 governmental agency; or

370 (iii) a willful violation of sections 192 to 203, inclusive, or any related order or  
371 regulation.

372 (c) Any individual may file a complaint with the department against a PEO, PEO group,  
373 controlling person of a PEO, person offering professional employer services or client. The  
374 complaint shall be filed in writing, with the department, in a form prescribed by the director.

375 (1) Upon receipt of a complaint, the department shall proceed to review and investigate  
376 the complaint to determine if further action is warranted.

377 (2) If the director, after investigation, has cause to believe that there have been a violation  
378 of this chapter, the director may refer the complaint to the office of the attorney general.

379 (d) Upon finding, after notice and opportunity for hearing, that a PEO, PEO group,  
380 controlling person of a PEO, person offering professional employer services or client has  
381 violated 1 or more provisions of this chapter, including the failure to furnish records and  
382 requested information to the department and its inspectors, or has hindered or interfered with any  
383 authorized inspector while in the performance of the inspector's duties, subject to any appeal, the  
384 director may:

385 (i) deny an application for a license;

386 (ii) revoke, suspend, restrict or refuse to renew a license;

387 (iii) impose an administrative penalty in an amount not to exceed \$1,000 for each  
388 material violation;

389 (iv) place the licensee on probation for the period and subject to conditions that the  
390 department specifies; or

391 (v) issue a cease and desist order.

392 Section 203. Wages shall be paid in accordance with section 148 of this chapter and any  
393 minimum wage and overtime requirements as provided for in chapter 151. A PEO who fails to  
394 pay wages, to the extent the PEO has assumed responsibility in the professional employer  
395 agreement or subsequent written agreement and as required under this chapter, shall be subject to  
396 penalties under this chapter.”; and

397 by inserting after section 18 the following 2 sections:-

398           “SECTION 18A. Each professional employment organization as defined by section 192  
399 of chapter 149 of the General Laws operating within the commonwealth as of the effective date  
400 of this act shall complete its initial registration not later than 180 days after the effective date of  
401 this act. Initial registration shall be valid for 1 year after the date of issuance.

402           SECTION 18B. The department of labor standards shall promulgate regulations to  
403 effectuate the purposes of sections 192 to 203, inclusive, of chapter 149 of the General Laws and  
404 section 18A.".