

BILL ANALYSIS

C.S.H.B. 2947
By: Eissler
Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

C.S.H.B. 2947 relates to the regulation of the staff leasing services industry and has been developed with the assistance of the Texas Department of Licensing and Regulation (TDLR), which regulates staff leasing service companies, also known as professional employer organizations (PEOs). The current Staff Leasing Services Act is outdated because it does not permit TDLR to take advantage of presently available resources in its assessment and monitoring of licensed staff leasing companies or PEOs. The bill seeks to modernize the Staff Leasing Services Act by strengthening the financial requirements for licensees through working capital, eliminates unnecessary paperwork to be filed with the TDLR, allows the agency to accept, by rule, an applicant or renewal if the company is accredited by an independent, bonded, and qualified assurance organization that has requirements exceeding the current statute and clarifies that a license does not expire during the pendency of a timely-filed and complete renewal application.

RULEMAKING AUTHORITY

It is the opinion of the committee that rulemaking authority is expressly granted to the Texas Department of Licensing and Regulation in SECTION 3 of this bill.

ANALYSIS

SECTION 1. Amends Section 91.001, Labor Code, to state the definition of "working capital."

SECTION 2. Amends Section 91.014, Labor Code, to upgrade the financial capacity standard from "net worth" to "working capital" and to eliminate filing unnecessary information related to the old standard. This section adds language which states that after April 1, 2010, a document submitted to establish working capital must be reviewed or audited by an independent certified public accountant.

SECTION 3. Amends Section 91.015, Labor Code, by adding Subsection (g) to provide, by rule, for the acceptance of proof of superior qualification of an applicant in lieu of information based on the minimum requirements for licensure or renewal.

SECTION 4. Amends Section 91.016, Labor Code, by adding Subsection (b1) to clarify that a license does not expire during the pendency of action on a complete, timely-filed renewal application.

SECTION 5. Amends Section 91.020, Labor Code, to change the "net worth" reference to "working capital" in order to maintain consistency with the new standard.

SECTION 6. Repeals Subdivision (12), Section 91.001, Labor Code.

SECTION 7. Applies this Act only to staff leasing services licenses issued or renewed on or after September 1, 2007.

SECTION 8. States the effective date for this Act.

EFFECTIVE DATE

September 1, 2007.

C.S.H.B. 2947 80(R)

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2947 modifies the original by removing the proposed definition of “staff leasing services group” and eliminates references to the Internal Revenue Code and requirements for filing tax returns to support proof of net worth. Additionally, the substitute adds language which will require that documents submitted after April 1, 2010 to establish working capital must be reviewed or audited by an independent certified public accountant. Finally, the substitute eliminates the proposed Section 91.021 of the original bill, which provides for group licensure for a staff leasing services company.