

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1365
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Problems have arisen in relation to statutory law regarding staff leasing services due to financial requirements that are perceived to be lax and due to the amount of paperwork required to be filed with the Texas Department of Licensing and Regulation (department). These problems may be addressed by amending statute relating to the department's rules for accepting staff leasing services license (license) applications or renewals and the expiration dates of said licenses during renewal.

C.S.S.B. 1365 authorizes the department to accept a license applicant or renewal applicant if the applicant company is accredited by an independent, bonded, and qualified assurance organization with requirements exceeding the current statute, and provides that a license does not expire during the period in which a timely-filed and complete renewal application is pending.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Licensing and Regulation in SECTION 3 (Section 91.015, Labor Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 91.001, Labor Code, by adding Subdivision (18) to define "working capital."

SECTION 2. Amends Section 91.014, Labor Code, as follows:

Sec. 91.014. New heading: WORKING CAPITAL REQUIREMENTS. (a) Requires an applicant for an original or renewal [staff leasing services] license (license) to demonstrate a certain amount of positive working capital, rather than net worth, relative to the amount of assigned employees employed by the applicant.

(b) Deletes existing text authorizing an applicant to demonstrate working capital by providing a copy of the applicant's most recent federal tax return to the Texas Department of Licensing and Regulation (department). Makes conforming changes.

(c) Deletes existing text providing that the computation of an applicant's net worth is made according to Section 448 (Limitation on Use of Cash Method of Accounting), of the federal Internal Revenue Code (26 U.S.C. Section 448). Makes a conforming change.

(d) Requires a document submitted to establish working capital after April 1, 2010, to be reviewed or audited by an independent certified public accountant. Makes conforming changes.

SECTION 3. Amends Section 91.015, Labor Code, by adding Subsection (g), as follows:

(g) Authorizes the Texas Department of Licensing and Regulation (department) by rule to provide for the acceptance of an affidavit and related supporting information provided by a bonded, independent, and qualified assurance organization that has been approved by the department in lieu of the requirements of Section 91.015 (License Application), as

well as Sections 91.012 (General License Requirements), 91.013 (Background Investigations), and 91.014, Labor Code.

SECTION 4. Amends Section 91.016, Labor Code, by adding Subsection (b-1), as follows:

(b-1) Provides that the license holder's existing license does not expire until the application for a renewal of a license issued or renewed by the department under Chapter 91 (Staff Leasing Services), Labor Code, has been finally determined by the department, provided that the application submitted is timely and sufficient.

SECTION 5. Amends Section 91.020, Labor Code, to make a conforming change.

SECTION 6. Repealer: Section 91.001(12) (regarding the definition of "net worth"), Labor Code.

SECTION 7. Makes application of this Act prospective.

SECTION 8. Effective date: September 1, 2007.