

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 1, 2013

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1286** by Williams (Relating to the regulation of professional employer services; authorizing fees.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Labor Code relating to the regulation of professional employer services; authorizing fees. The bill would add and modify definitions in Chapter 91 of the Labor Code, and references to "staff leasing services" within the chapter would be changed to "professional employer organizations." The bill would also provide that both a professional employer organization and its client are each considered employers for purposes of sponsoring retirement and welfare benefit plans for covered employees, and would impose certain restrictions and requirements on self-funded health benefit plans offered by professional employer organizations and allow the Texas Department of Insurance (TDI) to set and collect a fee to defray any administrative costs. The bill would further allow a professional employer organization or its client to obtain workers' compensation insurance for covered employees and would specify the experience rate that would be used to determine premiums.

The bill would make conforming changes to Chapters 92, 201 and 207 of the Labor Code, and to Chapters 151 and 171 of the Tax Code. The bill would repeal Labor Code Section 91.001(2), which defines an assigned employee, and Section 91.043, which prohibits the sponsor of a plan of self-insurance for health benefits except as permitted by the Employee Retirement Income Security Act of 1974, as conforming changes.

The bill would require the Texas Commission of Licensing and Regulation to adopt rules necessary to administer the bill by January 1, 2014.

Based on information provided by TDI, it is assumed that any costs associated with the implementation of this bill would be absorbed within existing staff and resources. This analysis assumes that implementation of the bill would result in a slight increase in fee revenues to the General Revenue-Dedicated Texas Department of Insurance Fund 36. Since General Revenue-Dedicated Texas Department of Insurance Fund 36 is a self-leveling account, this analysis assumes that any additional revenue resulting from the implementation of the bill would accumulate in account fund balances and that the department would adjust the assessment of the maintenance tax or other fees accordingly in the following year.

Based on information provided by the Texas Workforce Commission, the Department of Licensing and Regulation, and the Comptroller of Public Accounts, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 452 Department of Licensing and Regulation, 454 Department of Insurance

LBB Staff: UP, RB, MW, ER, LXH, KKR