

By: Tinderholt

H.B. No. 4935

A BILL TO BE ENTITLED

AN ACT

relating to limitations on certain hiring practices relating to certain nonpermanent residents by certain companies that receive governmental contracts or financial benefits; authorizing civil penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle F, Title 10, Government Code, is amended by adding Chapter 2278 to read as follows:

CHAPTER 2278. CERTAIN LIMITATIONS ON HIRING PRACTICES REGARDING

CERTAIN NONPERMANENT RESIDENTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2278.001. DEFINITIONS. In this chapter:

(1) "Company" has the meaning assigned by Section 808.001.

(2) "Governmental entity" has the meaning assigned by Section 2251.001.

(3) "Listed financial benefit" means a financial benefit listed by rule adopted under Section 2278.051(2).

(4) "Nonpermanent resident" means an individual who is a nonpermanent resident of the United States who holds an unexpired visa issued by the federal government in Category F (student), H-1B (temporary worker in a specialty occupation), or O (foreign national with extraordinary ability in sciences, arts, education, business, or athletics).

1 (5) "Tax preference" means a credit, discount,
2 exclusion, exemption, refund, special valuation, special
3 accounting treatment, special rate, or special method of reporting
4 authorized by state law that relates to a state or local tax imposed
5 in this state.

6 SUBCHAPTER B. LIMITATION ON CERTAIN HIRING PRACTICES

7 Sec. 2278.051. LISTED FINANCIAL BENEFITS. The comptroller
8 shall:

9 (1) identify each financial benefit, other than a
10 contract, offered by a governmental entity to a company that is
11 organized or doing business in this state, including a grant,
12 low-interest loan, tax preference, or other financial incentive;
13 and

14 (2) by rule adopt a list of each financial benefit
15 identified under Subdivision (1).

16 Sec. 2278.052. LIMITATION ON CERTAIN HIRING PRACTICES. A
17 company that receives a listed financial benefit may not hire a
18 nonpermanent resident if hiring the nonpermanent resident would
19 result in more than five percent of the total amount of the
20 company's employees being nonpermanent residents.

21 Sec. 2278.053. PROVISION REQUIRED IN CONTRACT. A
22 governmental entity and a company may not enter into a contract for
23 goods or services unless the contract contains a written
24 verification from the company that:

25 (1) not more than five percent of the total amount of
26 the company's employees are nonpermanent residents; and

27 (2) during the term of the contract, the company will

1 not hire a nonpermanent resident if hiring the nonpermanent
2 resident will result in more than five percent of the total amount
3 of the company's employees being nonpermanent residents.

4 SUBCHAPTER C. ENFORCEMENT

5 Sec. 2278.101. CIVIL PENALTY FOR VIOLATION BY COMPANY. (a)
6 A company that violates Section 2278.052 or enters into a contract
7 that violates Section 2278.053 is liable to this state for a civil
8 penalty in the amount of \$5,000 for each violation. Each day a
9 violation of Section 2278.052 continues is considered a separate
10 violation for purposes of this subsection.

11 (b) A resident of this state may file a complaint with the
12 attorney general alleging that a company is in violation of Section
13 2278.052 or has violated a provision required to be included in a
14 contract with a governmental entity under Section 2278.053. The
15 resident must include with the complaint a signed statement
16 describing the violation.

17 (c) If, based on an investigation, the attorney general
18 determines the company has violated Section 2278.052 or has
19 violated a provision required to be included in a contract with a
20 governmental entity under Section 2278.053, the attorney general
21 shall provide the company with a written notice that:

22 (1) describes the violation;
23 (2) states the amount of the proposed civil penalty
24 for the violation; and

25 (3) requires the company to cure the violation on or
26 before the seventh day after the date the notice is received to
27 avoid the civil penalty.

1 (d) If a company does not cure the violation on or before the
2 seventh day after the date notice under Subsection (c) is received,
3 the attorney general may sue to collect the civil penalty.

4 (e) The attorney general may recover reasonable expenses
5 incurred in obtaining relief under this section, including court
6 costs, reasonable attorney's fees, investigative costs, witness
7 fees, and deposition costs.

8 Sec. 2278.102. LIABILITY TO GOVERNMENTAL ENTITY;
9 ADDITIONAL CIVIL PENALTY. (a) In addition to any other remedy
10 provided by this chapter, a company that violates Section 2278.052
11 and does not cure the violation in the manner provided by Section
12 2278.101 is liable to a governmental entity from which the company
13 received a listed financial benefit for a civil penalty in an amount
14 equal to twice the amount of all listed financial benefits the
15 company received from the governmental entity.

16 (b) In addition to any other remedy provided by this
17 chapter, a company that violates a provision required to be
18 included in a contract with a governmental entity under Section
19 2278.053 and does not cure the violation in the manner provided by
20 Section 2278.101 is liable to the governmental entity for a civil
21 penalty in an amount equal to twice the amount of the contract.

22 (c) The attorney general or a district attorney or county
23 attorney, as appropriate, may bring an action to recover a civil
24 penalty imposed under this section. The attorney general, district
25 attorney, or county attorney may recover reasonable attorney's fees
26 and court costs in bringing an action under this section.

27 Sec. 2278.103. REPORTING. A company shall annually submit

1 to the comptroller, in a form and manner determined by the
2 comptroller, a report detailing the percentage amount of the
3 company's employees that are nonpermanent residents.

4 SECTION 2. The comptroller of public accounts shall adopt
5 the list described by Section 2278.051, Government Code, as added
6 by this Act, not later than January 1, 2026.

7 SECTION 3. Section 2278.053, Government Code, as added by
8 this Act, applies only to a contract for which a governmental entity
9 first advertises or otherwise solicits bids, proposals, offers, or
10 qualifications or makes a similar solicitation on or after the
11 effective date of this Act. A contract for which a governmental
12 entity first advertises or otherwise solicits bids, proposals,
13 offers, or qualifications or makes a similar solicitation before
14 that date is governed by the law in effect on the date the
15 advertisement or solicitation is made, and the former law is
16 continued in effect for that purpose.

17 SECTION 4. This Act takes effect September 1, 2025.