

By: Zaffirini

S.B. No. 1254

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of professional employer services.

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

SECTION 1. Section 91.001(11), Labor Code, is amended to read as follows:

(11) "License holder" means a person who holds a license issued by the department [~~licensed under this chapter~~] to provide professional employer services.

SECTION 2. The heading to Section 91.016, Labor Code, is amended to read as follows:

Sec. 91.016. LICENSE ISSUANCE; TERM; EFFECT OF EXPIRATION.

SECTION 3. Section 91.016, Labor Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) A license issued or renewed by the department under this chapter is valid for one year from the date of the issuance or renewal. The department shall renew a license in accordance with Subchapter H, Chapter 51, Occupations Code, and the rules adopted by the department [~~on receipt of a complete renewal application form and payment of the license renewal fee~~].

(d) Notwithstanding any other law, for purposes of this chapter, if a license holder fails to timely apply for license renewal, the license holder's status as employer of a covered

1 employee continues until the expiration of 18 months after the date
2 the license expires. If the license holder fails to apply for
3 license renewal before the expiration of the 18th month after the
4 license expiration date:

5 (1) the license holder's status as employer of a
6 covered employee terminates; and

7 (2) the license holder is subject to disciplinary
8 action if the license holder engages in or offers professional
9 employer services at any time while the license is expired.

10 SECTION 4. Section 91.020, Labor Code, is amended to read as
11 follows:

12 Sec. 91.020. GROUNDS FOR DISCIPLINARY ACTION. The
13 department may take disciplinary action against a person under
14 Subchapter F, Chapter 51, Occupations Code, regardless of whether
15 the person holds a license under this chapter, [~~license holder~~] on
16 any of the following grounds:

17 (1) engaging in professional employer services or
18 offering to engage in the provision of professional employer
19 services:

20 (A) without a license; or

21 (B) while the person's license is expired,
22 suspended, or inactive;

23 (2) transferring or attempting to transfer a license
24 issued under this chapter;

25 (3) violating this chapter or any order or rule issued
26 by the executive director or commission under this chapter;

27 (4) failing after the 31st day after the date on which

1 a felony conviction of a controlling person is final to notify the
2 department in writing of the conviction;

3 (5) failing to cooperate with an investigation,
4 examination, or audit of the license holder's records conducted by
5 the license holder's insurance company or the insurance company's
6 designee, as allowed by the insurance contract or as authorized by
7 law by the Texas Department of Insurance;

8 (6) failing after the 31st day after the effective
9 date of a change in ownership, principal business address, or the
10 address of accounts and records to notify the department and the
11 Texas Department of Insurance of the change;

12 (7) failing to correct any tax filings or payment
13 deficiencies within a reasonable time as determined by the
14 executive director;

15 (8) refusing, after reasonable notice, to meet
16 reasonable health and safety requirements within the license
17 holder's control and made known to the license holder by a federal
18 or state agency;

19 (9) being delinquent in the payment of the license
20 holder's insurance premiums other than those subject to a
21 legitimate dispute;

22 (10) being delinquent in the payment of any employee
23 benefit plan premiums or contributions other than those subject to
24 a legitimate dispute;

25 (11) knowingly making a material misrepresentation to
26 an insurance company or to the department or other governmental
27 agency;

1 (12) failing to maintain the working capital required
2 under Section 91.014; or

3 (13) using professional employer services to avert or
4 avoid an existing collective bargaining agreement.

5 SECTION 5. (a) Section 91.016(d), Labor Code, as added by
6 this Act, applies only to a license that expires on or after the
7 effective date of this Act. A license that expires before that date
8 is subject to the law in effect on the date the license expires, and
9 the former law is continued in effect for that purpose.

10 (b) The changes in law made by this Act to Section 91.020,
11 Labor Code, apply only to conduct that occurs on or after the
12 effective date of this Act. Conduct that occurs before that date is
13 governed by the law in effect on the date the conduct occurred, and
14 the former law is continued in effect for that purpose.

15 SECTION 6. This Act takes effect September 1, 2025.