



December 17, 2020

Chair Cyrier, Vice Chair Buckingham and Members of the Sunset Commission:

On behalf of NFIB (National Federation of Independent Business), and our 20,000 small business members in Texas, I write to respectfully oppose the Staff Recommendation 2.4 in the Texas Department of Licensing & Regulation (TDLR) report.

NFIB is the only advocacy organization specifically for small businesses across our nation and in Texas. Our small business members typically have 20 or fewer employees and do not have in-house human resources departments or legal staff. For that reason, they often rely on third parties such as professional employer organizations (PEOs). PEOs play a key role in supporting small businesses by delivering statutory recognition, legal certainty, and important protections to industry participants, clients and worksite employees. Small businesses' priority are their employees—making payroll, providing a safe work environment, and keeping their doors open to provide jobs and growth within the workplace. The proper handling and the administration of daily human resource services is critically important to a small business, as any form of non-compliance or mishandling could lead to costly litigation or worse.

Because of the current regulatory framework in Texas regarding the PEO industry, small businesses can rest assured that PEOs meet specified financial and operational requirements before they can offer services to such businesses.

Small businesses have suffered immense uncertainty, loss of revenue, and loss of confidence during the COVID-19 pandemic. As you know, uncertainty is crippling to a small business and removing this license would only add to the current level of insecurity. It is not by luck that the PEOs in Texas have thrived in this regulatory climate, as have their small business customers.

Therefore, NFIB respectfully requests that Texas PEOs continue to be regulated by the TDLR and the PEO licensing program remain intact.

Thank you in advance for your consideration and for allowing NFIB to submit comment.

With respect,

A handwritten signature in black ink, appearing to read "AS".

Annie Spilman



NFIB Texas State Director