PROPOSED H–1B AND L–1 VISA REFORM ACT OF 2025

Date: 21 October 2025

US Immigration Alert

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Senators Chuck Grassley (R-IA) and Dick Durbin (D-IL) introduced on 29 September 2025, the H–1B and L–1 Visa Reform Act of 2025 (Visa Reform Act), a bipartisan proposal to overhaul two of the most widely used employment-based visa programs in the United States. The Visa Reform Act would mark one of the most substantial changes to the H–1B and L–1 programs, imposing stricter wage obligations, new posting and recruitment requirements, and enhanced government oversight and penalties.

The proposed legislation follows recent executive and regulatory actions last month that aim to significantly reshape the visa process, including a Presidential Proclamation issued (Proclamation) that imposed a $100,000 entry fee on H-1B workers.[1] The Proclamation also directed the Department of Labor (DOL) to initiate rulemaking to revise prevailing wage standards to align with the administration's policy goals of restricting H-1B usage. Additionally, the Department of Homeland Security (DHS) issued a proposed rule to implement a new weighted H-1B cap lottery selection process (H-1B Proposed Rule), which would prioritize higher-salaried positions over entry-level roles.[2]

WHAT THE LEGISLATION PROPOSES

H-1B Program

The Visa Reform Act includes an obligation to pay H–1B workers no less than the highest of (1) the local prevailing wage for the occupation, (2) the median wage for all workers in that occupation, or (3) the median wage for skill level 2 according to the DOL's most recent wage data. This change would discourage the use of the H-1B for entry-level positions.

Further, employers would be required to post the H-1B position on a new DOL website for at least 30 days prior to filing a petition. Such posting must include full position information including compensation details, job duties, and application procedures, in an effort to notify US workers. Additionally, the Visa Reform Act prohibits employers from filing an H-1B or L-1 petition for a position in which US workers were laid off within 180 days before or after the filing. The proposed legislation also caps H-1B/L-1 holders to no more than 50% of the employer's workforce. Additionally, employers would no longer be permitted to outsource or place H–1B employees at third-party client sites without prior DOL approval through a formal waiver process.

By proposing to replace the current random lottery with a wage- and merit-based selection system, the Visa Reform Act conflicts with the H-1B Proposed Rule, giving preference to foreign nationals with US STEM advanced degrees and petitions offering a salary equal or greater than wage level IV, followed by US graduates

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with advanced or bachelor's degrees, and employers demonstrating strong compliance records and participation in E-Verify.

In what is likely an effort to heighten the scrutiny and oversight of the business visitor category, the Visa Reform Act would eliminate the possibility to qualify for the classification with experience equivalent to a bachelor's degree and B-1 in lieu of H-1B visas.

Additionally, the DOL would gain subpoena authority and be required to conduct annual audits of at least 1% of all H–1B employers, with a focus on significant H–1B users (those with over 15% of their workforce on H–1B status). Violations could carry significant penalties, including fines of up to $150,000 per violation, back pay for affected workers, mandatory disbarment from future filings, and whistleblower protections for employees who report violations.

L-1 Program

The bill also targets the L–1 program which regulates intracompany transfers. Under the Visa Reform Act, L–1 employees working in the US for more than a year would also have to be paid no less than the prevailing, median, or skill-level 2 wage, similar to the proposed H–1B requirements. Employers would be prohibited from assigning L–1 workers to third party sites for more than one year without a waiver and must show that such placements do not result in the displacement of US workers.

New office L-1 petitions would be subject to a higher level of scrutiny. Such petitions would now be required to include submission of a business plan with the original request and demonstrate full compliance with the business plan at the time an extension is requested.

For L-1B petitions, the Visa Reform Act includes a new and narrower definition of specialized knowledge requiring the employer to demonstrate that such knowledge is clearly unique and is not readily available in the US labor market. The L-1B beneficiary must be a key person with knowledge that is critical for company performance and such knowledge is protected from disclosure through patent, copyright or company policy. The Visa Reform Act also includes expedited adjudication by DHS and processing by the US Department of State of petitions and visa applications for blanket petitions.

Employers would be required to provide employees and beneficiaries with copies of petitions and communications filed with federal agencies within 21 days upon request, ensuring that foreign workers receive informational brochures detailing their rights, wage protections, and reporting options.

Finally, the Visa Reform Act includes additional enforcement provisions whereby DHS would be empowered to conduct annual L-1 audits and impose penalties for noncompliance. The proposed legislation also includes a cooperation clause with the US Secretary of State to assist in verifying the existence and operation of the organization outside of the US for purposes of approving an L-1 petition.

The Visa Reform Act has been introduced in the Senate and referred to the Judiciary Committee, which is chaired by Sen. Grassley, with Sen. Durbin serving as the ranking member. Sens. Grassley and Durbin also recently sent letters to ten major US employers in the tech, finance, and retail sectors, requesting information about their use of H-1B visas in the light of recent layoffs of American workers.

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While Sens. Grassley and Durbin have introduced similar reform proposals since 2007, bipartisan interest in the issue has grown. Sens. Bernie Sanders (I-VT), Tommy Tuberville (R-AL), and Richard Blumenthal (D-CT) are original cosponsors of the bill.

EMPLOYER TAKEAWAYS

Although the legislation is not yet law, its bipartisan sponsorship suggests growing momentum for reform. Employers should monitor the progress closely and consider conducting internal compliance reviews in anticipation of potential changes. Companies can make their views known by contacting their elected representatives to express how the proposed changes could impact their business and workforce planning.

As this is a rapidly evolving legal landscape, employers should monitor additional developments over the coming days and weeks. As always, our Immigration and Public Policy and Law practice groups will continue to track the legislation and provide updates as it progresses. Our team is also available to assist with outreach and engagement efforts. If you have any questions, please contact the authors listed above.

FOOTNOTES

[1] *See* K&L Gates Legal Alert, "President Trump Issues Proclamation Restricting Entry of Certain H-1B Workers and an Executive Order Creating the Gold Card Program" (Sept. 23, 2025), https://www.klgates.com/President-Trump-Issues-Proclamation-Restricting-Entry-of-H-1B-Workers-and-an-Executive-Order-Creating-the-Gold-Card-Program-9-23-2025.

[2] *See* K&L Gates Legal Alert, "The Department of Homeland Security Proposes Significant Changes to Allocation of H-1B Visas—Public Comment Opportunity" (Sept. 24, 2205) https://www.klgates.com/DHS-Proposes-Significant-Changes-to-Allocation-of-H-1B-VisasPublic-Comment-Opportunity-9-24-2025.

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