

SB0213 compared with SB0213S03

18 **Other Special Clauses:**

19 This bill provides a special effective date.

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **34-28-2 , as last amended by Laws of Utah 2018, Chapter 386**

23 **34-28-9.5 , as last amended by Laws of Utah 2024, Chapter 158**

24
25 *Be it enacted by the Legislature of the state of Utah:*

26 **Section 1. Section 34-28-2 is amended to read:**

27 **34-28-2. Definitions -- Unincorporated entities -- Joint employers -- Franchisors.**

28 (1) As used in this chapter:

29 (a) "Commission" means the Labor Commission.

30 (b) "Division" means the Division of Antidiscrimination and Labor.

31 (c)

(i) "Employer" means the same as that term is defined in 29 U.S.C. Sec. 203.

32 (ii) "Employer" does not include an individual who is not^[:] an executive.

33 (d) "Executive" means an individual who is:

34 [~~(A)~~] (i) an officer;

35 [~~(B)~~] (ii) a manager of a manager-managed limited liability company;

36 [~~(C)~~] (iii) a member of a member-managed limited liability company;

37 [~~(D)~~] (iv) a general partner of a limited partnership; or

38 [~~(E)~~] (v) a partner of a partnership.

39 [~~(F)~~] (e) "Federal executive agency" means an executive agency, as defined in 5 U.S.C. Sec. 105, of the
federal government.

41 [~~(G)~~] (f) "Franchise" means the same as that term is defined in 16 C.F.R. Sec. 436.1.

42 [~~(H)~~] (g) "Franchisee" means the same as that term is defined in 16 C.F.R. Sec. 436.1.

43 [~~(I)~~] (h) "Franchisor" means the same as that term is defined in 16 C.F.R. Sec. 436.1.

44 [~~(J)~~] (i) "Unincorporated entity" means an entity organized or doing business in the state that is not:

45 (i) an individual;

46 (ii) a corporation; or

47 (iii) publicly traded.

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- 49 [(†)] (j) "Wages" means the amounts due the employee for labor or services, whether the amount is
fixed or ascertained on a time, task, piece, commission basis or other method of calculating such
amount.
- 52 (2)
- (a) For purposes of this chapter, an unincorporated entity that is required to be licensed under Title
58, Chapter 55, Utah Construction Trades Licensing Act, is presumed to be the employer of each
individual who, directly or indirectly, holds an ownership interest in the unincorporated entity.
- 56 (b) Pursuant to rules made by the commission in accordance with Title 63G, Chapter 3, Utah
Administrative Rulemaking Act, an unincorporated entity may rebut the presumption under
Subsection (2)(a) for an individual by establishing by clear and convincing evidence that the
individual:
- 60 (i) is an active manager of the unincorporated entity;
- 61 (ii) directly or indirectly holds at least an 8% ownership interest in the unincorporated entity; or
- 63 (iii) is not subject to supervision or control in the performance of work by:
- 64 (A) the unincorporated entity; or
- 65 (B) a person with whom the unincorporated entity contracts.
- 66 (c) As part of the rules made under Subsection (2)(b), the commission may define:
- 67 (i) "active manager";
- 68 (ii) "directly or indirectly holds at least an 8% ownership interest"; and
- 69 (iii) "subject to supervision or control in the performance of work."
- 70 (d) The commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act, may establish a procedure, consistent with Section 34-28-7, under which an
unincorporated entity may seek approval of a mutual agreement to pay wages on non-regular
paydays.
- 74 (3) For purposes of determining whether two or more persons are considered joint employers under this
chapter, an administrative ruling of a federal executive agency may not be considered a generally
applicable law unless that administrative ruling is determined to be generally applicable by a court
of law, or adopted by statute or rule.
- 78 (4)
- (a) For purposes of this chapter, a franchisor is not considered to be an employer of:
- 79 (i) a franchisee; or

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- 80 (ii) a franchisee's employee.
- 81 (b) With respect to a specific claim for relief under this chapter made by a franchisee or a franchisee's employee, this Subsection (4) does not apply to a franchisor under a franchise that exercises a type or degree of control over the franchisee or the franchisee's employee not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

86 Section 2. Section **34-28-9.5** is amended to read:

87 **34-28-9.5. Private cause of action.**

21 [(1) Except as provided in Subsection (2), for a wage claim that is less than or equal to \$10,000, the employee shall exhaust the employee's administrative remedies described in Section 34-28-9 and rules made by the commission under Section 34-28-9 before the employee may file an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration.]

26 [(2) { } An{ } For one year after the day on which the wages were earned, an }-employee may file an action for a wage claim in a court { \hat{H} → { } { } } **without exhausting the administrative remedies described in Section 34-28-9 and rules made by the commission under Section 34-28-9** { } { } ← \hat{H} } if:]

30 [(a) the employee's wage claim is over \$10,000;]

31 [(b)

(i) the employee's wage claim is less than or equal to \$10,000;]

32 [(ii) the employee asserts one or more additional claims against the same employer; and]

34 [(iii) the aggregate amount of damages resulting from the claims described in this Subsection (2)(b) is greater than \$10,000; or]

36 [(e)

(i) in the same civil action, more than one employee files a wage claim against an employer; and]

38 [(ii) the aggregate amount of the employees' combined wage claim is greater than \$10,000.]

106 (1)

(a) Except as provided in Subsection (2), an employee may only file a claim for a wage claim under this chapter that is less than or equal to \$10,000 in accordance with Section 34-28-9 and rules the commission makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

110 (b) After complying with Subsection (1)(a), an employee may only file a petition for judicial review in accordance with Section 34A-1-303.

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(2) For a wage claim under this chapter, an employee may only file an action in a court with jurisdiction, if:

114 (a) the employee's wage claim is over \$10,000;

115 (b)

(i) the employee's wage claim is less than or equal to \$10,000;

116 (ii) the employee asserts one or more additional claims against the same employer; and

118 (iii) the aggregate amount of damages resulting from the claims described in this Subsection (2)(b)(ii) is greater than \$10,000; or

120 (c)

(i) in the same civil action, more than one employee files a wage claim against an employer; and

122 (ii) the aggregate amount of the employees' combined wage claims is greater than \$10,000.

124 (3) An employee who files a wage claim in accordance with Subsection (2)(a) may only file a wage claim in a court with jurisdiction against:

126 (a) an employer that is not an executive under this section for four years after the day on which the employee earns the wages; and

128 (b) against an executive for one year after the day on which the employee earns the wages.

130 (4) An employee who files a wage claim in accordance with Subsection (2)(b) or (2)(c), may only file a wage claim in a court with jurisdiction against an employer under this section for one year after the day on which the employee earns the wages.

40 ~~(3)~~ (5) In an action under this section, the court may award an employee:

41 (a) actual damages;

42 (b) an amount equal to 2.5% of the unpaid wages owed to the employee, assessed daily for the lesser of:

44 (i) the period beginning the day on which the court issues a final order and ending the day on which the employer pays the unpaid wages owed to the employee; or

46 (ii) 20 days after the day on which the court issues a final order; and

47 (c) a penalty described in Subsection 34-28-5(1)(c), if applicable.

141 Section 3. **Effective date.**

Effective Date.

This bill takes effect on May {6, 2026} 5, 2027.

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