

**Brady Brammer** proposes the following substitute bill:

**Special Project Subcontractor Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jefferson S. Burton**

Senate Sponsor: Brady Brammer

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**LONG TITLE**

**General Description:**

This bill modifies disclosure requirements for subcontractors.

**Highlighted Provisions:**

This bill:

- defines terms;
- enacts a new workers' compensation insurance attestation requirement for an employer seeking a zero estimated exposure policy, including a mandatory signed statement and criminal fraud warning;
- shifts several fixed interest rates and penalty amounts under the Employment Security Act to amounts the division determines by rule;
- clarifies enforcement authority and penalty structures related to unemployment insurance reporting, collections, liens, and warrants;
- creates new compliance and disclosure obligations for a subcontractor working on a special construction project, including employee reporting and zero estimated exposure policy disclosures;
- requires a subcontractor on a special project to provide employee information to the division;
- requires a general contractor and a property owner to retain documentation for audit and enforcement purposes;
- authorizes the Division of Professional Licensing to make audit recommendations to the State Tax Commission;
- expands the definition of unprofessional conduct to include failure to comply with newly enacted subcontractor requirements;
- provides a coordination clause to substantively and technically coordinate changes between this bill and H.B. 40, Utah Construction Trades Licensing Act Amendments;

29 and

30     ▸ makes technical and conforming changes.

31 **Money Appropriated in this Bill:**

32     None

33 **Other Special Clauses:**

34     This bill provides a coordination clause.

35 **Utah Code Sections Affected:**

36 AMENDS:

37     **35A-4-305**, as last amended by Laws of Utah 2024, Chapter 110

38     **58-55-502**, as last amended by Laws of Utah 2022, Chapter 415

39 ENACTS:

40     **31A-22-1017**, Utah Code Annotated 1953

41     **58-55-313**, Utah Code Annotated 1953

42 **Utah Code Sections affected by Coordination Clause:**

43     **58-55-202**, as enacted by H.B. 40 (2026)

44     **58-55-213**, Utah Code Annotated 1953

45     **58-55-313**, Utah Code Annotated 1953

46     **58-55-603**, as last amended by Laws of Utah 2025, Chapter 302

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48 *Be it enacted by the Legislature of the state of Utah:*

49     Section 1. Section **31A-22-1017** is enacted to read:

50     **31A-22-1017 . Attestation required.**

51 (1) As used in this section, "zero estimated exposure policy" means a policy of insurance  
 52 that an employer obtains to cover the employer's liability to pay compensation under  
 53 Title 34A, Chapter 2, Workers' Compensation Act, or Title 34A, Chapter 3, Utah  
 54 Occupational Disease Act, after reporting the employer's total estimated exposure is zero.

55 (2) An insurer shall require each applicant for a zero estimated exposure policy to sign an  
 56 attestation in capital letters with substantially the following form and content "I  
 57 ATTEST THAT ALL INFORMATION PROVIDED IN THIS APPLICATION IS  
 58 CURRENT, TRUE, ACCURATE, AND COMPLETE TO THE BEST OF MY  
 59 KNOWLEDGE AND BELIEF. I FURTHER ATTEST THAT I HAVE NO  
 60 EMPLOYEES AND AN ESTIMATED EXPOSURE OF ZERO. IF I EMPLOY ANY  
 61 EMPLOYEES DURING THE POLICY PERIOD, I SHALL PROVIDE WRITTEN  
 62 NOTICE TO MY WORKERS' COMPENSATION INSURER WITHIN 60 DAYS

63 AFTER THE EMPLOYMENT BEGINS, AND INCLUDE THE ESTIMATED  
 64 PAYROLL AND CLASSIFICATION CODES FOR THOSE EMPLOYEES. I  
 65 UNDERSTAND THAT AN OMISSION OR MISREPRESENTATION MADE WITH  
 66 INTENT TO DEFRAUD IN THIS APPLICATION CONSTITUTES A CRIMINAL  
 67 ACTION."

68 Section 2. Section **35A-4-305** is amended to read:

69 **35A-4-305 . Collection of contributions -- Unpaid contributions to bear interest --**  
 70 **Offer to compromise.**

71 (1)(a) Contributions unpaid on the date on which [they] the contributions are due and  
 72 payable, as [~~prescribed by the division~~] the division determines, shall bear interest at [  
 73 ~~the rate of 1% per month~~] a rate the division determines by rule the division makes in  
 74 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, from  
 75 and after that date until the division receives payment plus accrued interest[~~is~~  
 76 ~~received by the division~~].

77 (b)(i) Contribution reports not made and filed by the date on which [they] the  
 78 contribution reports are due as [~~prescribed by the division~~] the division determines  
 79 are subject to a penalty the division determines by rule the division makes in  
 80 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to be  
 81 assessed and collected in the same manner as contributions due under this section[  
 82 ~~equal to 5% of the contribution due if the failure to file on time was not more than~~  
 83 ~~15 days, with an additional 5% for each additional 15 days or fraction thereof~~  
 84 ~~during which the failure continued, but not to exceed 25% in the aggregate and~~  
 85 ~~not less than \$25 with respect to each reporting period~~].

86 (ii) If a report is filed after the required time and [~~it is shown to the satisfaction of the~~  
 87 ~~division or its~~] the division or the division's authorized representative determines  
 88 that the failure to file was due to a reasonable cause and not to willful neglect, no [  
 89 ~~addition shall be made to the contribution~~] penalty may be assessed.

90 (c)(i) If contributions are unpaid after 10 days from the date [~~of the mailing or~~  
 91 ~~personal delivery by the division or its authorized representative, of~~] the division  
 92 or the division's authorized representative mails or personally delivers a written  
 93 demand for payment, there shall attach to the contribution, to be assessed and  
 94 collected in the same manner as contributions due under this section, a penalty [  
 95 ~~equal to 5% of the contribution due~~] the division determines by rule the division  
 96 makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking

- 97           Act.
- 98           (ii) A penalty may not attach if within 10 days after the mailing or personal delivery,  
99                     arrangements for payment [~~have been~~] are made with the division, or [~~its~~] the  
100                     division's authorized representative, and payment is made in accordance with  
101                     those arrangements.
- 102       (d) The division shall assess as a penalty a service charge, in addition to any other  
103             penalties that may apply, in an amount not to exceed the service charge imposed by  
104             Section 7-15-1 for dishonored instruments if:
- 105             (i) any amount due the division for contributions, interest, other penalties or benefit  
106                     overpayments is paid by check, draft, order, or other instrument; and
- 107             (ii) the instrument is dishonored or not paid by the institution against which [~~it~~] the  
108                     instrument is drawn.
- 109       (e) Except for benefit overpayments under Subsection 35A-4-405(5), benefit  
110             overpayments, contributions, interest, penalties, and assessed costs, uncollected three  
111             years after [~~they become~~] becoming due, may be charged as uncollectible and  
112             removed from the records of the division if:
- 113             (i) no assets belonging to the liable person and subject to attachment [~~can be~~] are  
114                     found; and
- 115             (ii) in the opinion of the division there is no likelihood of collection at a future date.
- 116       (f) [~~Interest~~] The division shall deposit interest and penalties collected in accordance  
117             with this section [~~shall be deposited~~] into the Workforce Initiatives Fund created in  
118             Section 35A-4-506.
- 119       (g) [~~Action required for the collection of sums~~] The division may bring an action to  
120             collect a sum due under this chapter [~~is~~] subject to [~~the applicable limitations of~~  
121             ~~actions under~~] Title 78B, Chapter 2, Statutes of Limitations.
- 122       (2)(a) If an employer fails to file a report when [~~prescribed by the division~~] the division  
123             prescribes for the purpose of determining the amount of the employer's contribution  
124             due under this chapter, or if the report when filed is incorrect or insufficient or is not  
125             satisfactory to the division, the division may determine the amount of wages paid for  
126             employment during the period or periods with respect to which the reports were or  
127             should have been made and the amount of contribution due from the employer on the  
128             basis of any information [~~it~~] the division may [~~be able to~~] obtain.
- 129       (b) The division shall give written notice of the determination to the employer.
- 130       (c) The determination is considered correct unless:

- 131 (i) the employer, within 10 days after mailing or personal delivery of notice of the  
 132 determination, applies to the division for a review of the determination as  
 133 provided in Section 35A-4-508; or
- 134 (ii) ~~[unless]~~the division or ~~[its]~~ the division's authorized representative ~~[of its own~~  
 135 ~~motion]~~reviews the determination.
- 136 (d) The amount of contribution determined under Subsection (2)(a) is subject to  
 137 penalties and interest as provided in Subsection (1).
- 138 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 139 division shall make rules making a penalty for an employer who fails to file a report  
 140 or files an incorrect report due to the employer's misclassification of an employee, as  
 141 defined in Section 34-47-102.
- 142 (3)(a) If, after due notice, an employer defaults in the payment of contributions, interest,  
 143 or penalties on the contributions, or a claimant defaults in a repayment of benefit  
 144 overpayments and penalties on the overpayments, the amount due shall be collectible  
 145 by civil action in the name of the division, and the employer adjudged in default shall  
 146 pay the costs of the action.
- 147 (b) Civil actions brought under this section to collect contributions, interest, or penalties  
 148 from an employer, or benefit overpayments and penalties from a claimant shall be:
- 149 (i) heard by the court at the earliest possible date; and
- 150 (ii) entitled to preference upon the calendar of the court over all other civil actions  
 151 except:
- 152 (A) petitions for judicial review under this chapter; and
- 153 (B) cases arising under the workers' compensation law of this state.
- 154 (c)(i)(A) To collect contributions, interest, or penalties, or benefit overpayments  
 155 and penalties due from employers or claimants located outside Utah, the  
 156 division may employ private collectors providing debt collection services  
 157 outside Utah.
- 158 (B) Accounts may be placed with private collectors only after the employer or  
 159 claimant has been given a final notice that the division intends to place the  
 160 account with a private collector for further collection action.
- 161 (C) The notice shall advise the employer or claimant of the employer's or  
 162 claimant's rights under this chapter and the applicable rules of the department.
- 163 (ii)(A) A private collector may receive as compensation up to 25% of the lesser of  
 164 the amount collected or the amount due, plus the costs and fees of any civil

- 165 action or postjudgment remedy instituted by the private collector with the  
166 approval of the division.
- 167 (B) The employer or claimant shall be liable to pay the compensation of the  
168 collector, costs, and fees in addition to the original amount due.
- 169 (iii) A private collector is subject to the federal Fair Debt Collection Practices Act, 15  
170 U.S.C. Sec. 1692 et seq.
- 171 (iv)(A) ~~[A civil action may not be maintained by a]~~ A private collector may not  
172 maintain a civil action without specific prior written approval ~~[of]~~ from the  
173 division.
- 174 (B) When division approval is given for civil action against an employer or  
175 claimant, the division may cooperate with the private collector ~~[to the extent~~  
176 ~~necessary]~~ to effect the civil action.
- 177 (d)(i) Notwithstanding Section 35A-4-312, the division may disclose the  
178 contribution, interest, penalties or benefit overpayments and penalties, costs due,  
179 the name of the employer or claimant, and the employer's or claimant's address  
180 and telephone number when any collection matter is referred to a private collector  
181 under Subsection (3)(c).
- 182 (ii) A private collector is subject to the confidentiality requirements and penalty  
183 provisions provided in Sections 35A-4-312 and 76-8-1304, except to the extent  
184 disclosure is necessary in a civil action to enforce collection of the amounts due.
- 185 (e) An action taken by the division under this section may not be construed to be an  
186 election to forego other collection procedures by the division.
- 187 (4)(a) In the event of a distribution of an employer's assets under an order of a court  
188 under the laws of Utah, including a receivership, assignment for benefits of creditors,  
189 adjudicated insolvency, composition, or similar proceedings, contributions then or  
190 thereafter due shall be paid in full prior to all other claims except taxes and claims for  
191 wages of not more than \$400 to each claimant, earned within five months of the  
192 commencement of the proceeding.
- 193 (b) If an employer commences a proceeding in the Federal Bankruptcy Court under a  
194 chapter of 11 U.S.C. 101 et seq., as amended by the Bankruptcy Abuse Prevention  
195 and Consumer Protection Act of 2005, contributions, interest, and penalties then or  
196 thereafter due shall be entitled to the priority provided for taxes, interest, and  
197 penalties in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.
- 198 (5)(a) In addition and as an alternative to any other remedy ~~[provided by this chapter]~~

199 this chapter provides, and provided that no appeal or other proceeding for review [  
200 provided by this chapter] this chapter provides is [~~then-~~]pending and the time for  
201 taking it has expired, the division may issue a warrant in duplicate, under [~~its~~] the  
202 division's official seal, directed to the sheriff of any county of the state, commanding  
203 the sheriff to levy upon and sell the real and personal property of a delinquent  
204 employer or claimant found within the sheriff's county for the payment of the  
205 contributions due, with the added penalties, interest, or benefit overpayment and  
206 penalties, and costs, and to return the warrant to the division and pay into the fund the  
207 money collected by virtue of the warrant by a time to be specified in the warrant, not  
208 more than 60 days from the date of the warrant.

209 (b)(i) Immediately upon receipt of the warrant in duplicate, the sheriff shall file the  
210 duplicate with the clerk of the district court in the sheriff's county.

211 (ii) The clerk shall enter in the judgment docket, in the column for judgment debtors,  
212 the name of the delinquent employer or claimant mentioned in the warrant, and in  
213 appropriate columns the amount of the contribution, penalties, interest, or benefit  
214 overpayment and penalties, and costs, for which the warrant is issued and the date  
215 when the duplicate is filed.

216 (c) The amount of the docketed warrant shall:

217 (i) have the force and effect of an execution against all personal property of the  
218 delinquent employer; and

219 (ii) become a lien upon the real property of the delinquent employer or claimant in  
220 the same manner and to the same extent as a judgment duly rendered by a district  
221 court and docketed in the office of the clerk.

222 (d) After docketing, the sheriff shall:

223 (i) proceed in the same manner as is prescribed by law with respect to execution  
224 issued against property upon judgments of a court of record; and

225 (ii) be entitled to the same fees for the sheriff's services in executing the warrant, to  
226 be collected in the same manner.

227 (6)(a) Contributions [~~imposed by this chapter~~] this chapter imposes are a lien upon the  
228 property of an employer liable for the contribution required to be collected under this  
229 section who shall sell out the employer's business or stock of goods or shall quit  
230 business, if the employer fails to make a final report and payment on the date [  
231 ~~subsequent to~~] after the date of selling or quitting business on which [~~they~~] the  
232 contributions are due and payable as prescribed by rule.

- 233 (b)(i) An employer's successor, successors, or assigns, if any, are required to  
234 withhold sufficient of the purchase money to cover the amount of the [  
235 ~~contributions and interest or penalties~~] contributions, interest, and penalties due  
236 and payable until the former owner produces a receipt from the division showing  
237 that [~~they~~] the contributions, interest, and penalties have been paid or a certificate  
238 stating that no amount is due.
- 239 (ii) If the purchaser of a business or stock of goods fails to withhold sufficient  
240 purchase money, the purchaser is personally liable for the payment of the amount  
241 of the contributions required to be paid by the former owner, interest and penalties  
242 accrued and unpaid by the former owner, owners, or assignors.
- 243 (7)(a) If an employer is delinquent in the payment of a contribution, the division may  
244 give notice of the amount of the delinquency by registered mail to all persons having  
245 in their possession or under their control, any credits or other personal property  
246 belonging to the employer, or owing any debts to the employer at the time of the  
247 receipt by them of the notice.
- 248 (b) A person notified under Subsection (7)(a) shall neither transfer nor make any other  
249 disposition of the credits, other personal property, or debts until:  
250 (i) the division has consented to a transfer or disposition; or  
251 (ii) 20 days after the receipt of the notice.
- 252 (c) All persons notified under Subsection (7)(a) shall, within five days after receipt of  
253 the notice, advise the division of credits, other personal property, or other debts in  
254 their possession, under their control or owing by them, as the case may be.
- 255 (8)(a)(i) Each employer shall furnish the division necessary information for the  
256 proper administration of this chapter and shall include wage information for each  
257 employee, for each calendar quarter.
- 258 (ii) The information shall be furnished at a time, in the form and manner, and to those  
259 individuals as the department may [~~by rule require~~] require by rule the department  
260 makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
261 Act.
- 262 (iii) The division may require an employer to post a bond for failure to comply with  
263 the rules required by Subsection (8)(a)(i).
- 264 (b)(i) Each employer shall furnish each individual worker who is separated that  
265 information as the department may by rule require, and shall furnish within 48  
266 hours of the receipt of a request from the division a report of the earnings of any

- 267 individual during the individual's base-period.
- 268 (ii) The report shall be on a form prescribed by the division and contain all  
269 information prescribed by the division.
- 270 (c)(i) For each failure by an employer to conform to this Subsection (8) the division  
271 shall, unless good cause is shown, assess a [~~\$50 penalty if the filing was not more~~  
272 ~~than 15 days late~~] penalty that the division determines by rule the division makes  
273 in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 274 [(ii) If the filing is more than 15 days late, the division shall assess an additional  
275 penalty of \$50 for each 15 days, or a fraction of the 15 days that the filing is late,  
276 not to exceed \$250 per filing.]
- 277 [(iii)] (ii) The penalty is to be collected in the same manner as contributions due under  
278 this chapter.
- 279 [(d)(i) The division shall prescribe rules providing standards for determining which  
280 contribution reports shall be filed on magnetic or electronic media or in other  
281 machine-readable form.]
- 282 [(ii) In prescribing these rules, the division:]
- 283 [(A) may not require an employer to file contribution reports on magnetic or  
284 electronic media unless the employer is required to file wage data on at least  
285 250 employees during any calendar quarter or is an authorized employer  
286 representative who files quarterly tax reports on behalf of 100 or more  
287 employers during any calendar quarter;]
- 288 [(B) shall take into account, among other relevant factors, the ability of the  
289 employer to comply at reasonable cost with the requirements of the rules; and]
- 290 [(C) may require an employer to post a bond for failure to comply with the rules  
291 required by this Subsection (8)(d).]
- 292 (9)(a)(i) An employer liable for payments in lieu of contributions shall file  
293 Reimbursable Employment and Wage Reports.
- 294 (ii) The reports are due on the last day of the month that follows the end of each  
295 calendar quarter unless the division, after giving notice, changes the due date.
- 296 (iii) A report postmarked on or before the due date is considered timely.
- 297 (b)(i) Unless the employer can show good cause, the division shall assess a [~~\$50~~  
298 ~~penalty~~] penalty that the division determines by rule the division makes in  
299 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
300 against an employer who does not file Reimbursable Employment and Wage

301 Reports within the time limits set out in Subsection (9)(a) if the filing was not  
302 more than 15 days late.

303 [~~(ii) If the filing is more than 15 days late, the division shall assess an additional~~  
304 ~~penalty of \$50 for each 15 days, or a fraction of the 15 days that the filing is late,~~  
305 ~~not to exceed \$250 per filing.]~~

306 [~~(iii)~~ (ii) The division shall assess and collect the penalties referred to in this  
307 Subsection (9)(b) in the same manner as prescribed in Sections 35A-4-309 and  
308 35A-4-311.

309 (10) If a person liable to pay a contribution or benefit overpayment [~~imposed by this chapter~~  
310 ~~that this chapter imposes~~ neglects or refuses to pay [~~it~~] the contribution or benefit  
311 overpayment after demand, the amount, including any interest, additional amount,  
312 addition to contributions, or assessable penalty, together with any additional accruable  
313 costs, shall be a lien in favor of the division upon all property and rights to property,  
314 whether real or personal belonging to the person.

315 (11)(a) The lien imposed by Subsection (10) arises at the time the assessment, as defined  
316 in the department rules, is made and continues until the liability for the amount  
317 assessed, or a judgment against the taxpayer arising out of the liability, is satisfied.

318 (b)(i) The lien imposed by Subsection (10) is not valid as against a purchaser, holder  
319 of a security interest, mechanics' lien holder, or judgment lien creditor until the  
320 division files a warrant with the clerk of the district court.

321 (ii) For the purposes of this Subsection (11)(b):

322 (A) "Judgment lien creditor" means a person who obtains a valid judgment of a  
323 court of record for recovery of specific property or a sum certain of money, and  
324 who in the case of a recovery of money, has a perfected lien under the  
325 judgment on the property involved. A judgment lien does not include inchoate  
326 liens such as attachment or garnishment [~~liens until they ripen~~] until the  
327 inchoate lien ripens into a judgment. A judgment lien does not include the  
328 determination or assessment of a quasi-judicial authority, such as a state or  
329 federal taxing authority.

330 (B) "Mechanics' lien holder" means any person who has a lien on real property, or  
331 on the proceeds of a contract relating to real property, for services, labor, or  
332 materials furnished in connection with the construction or improvement of the  
333 property. A person has a lien on the earliest date the lien becomes valid  
334 against subsequent purchasers without actual notice, but not before the person

335 begins to furnish the services, labor, or materials.

336 (C) "Person" means:

337 (I) an individual;

338 (II) a trust;

339 (III) an estate;

340 (IV) a partnership;

341 (V) an association;

342 (VI) a company;

343 (VII) a limited liability company;

344 (VIII) a limited liability partnership; or

345 (IX) a corporation.

346 (D) "Purchaser" means a person who, for adequate and full consideration in  
347 money or money's worth, acquires an interest, other than a lien or security  
348 interest, in property which is valid under state law against subsequent  
349 purchasers without actual notice.

350 (E) "Security interest" means any interest in property acquired by contract for the  
351 purpose of securing payment or performance of an obligation or indemnifying  
352 against loss or liability. A security interest exists at any time:

353 (I) the property is in existence and the interest has become protected under the  
354 law against a subsequent judgment lien arising out of an unsecured  
355 obligation; and

356 (II) to the extent that, at that time, the holder has parted with money or money's  
357 worth.

358 (12)(a) Except in cases involving a violation of unemployment compensation provisions  
359 under Sections 76-8-1301, 76-8-1302, 76-8-1303, 76-8-1304, Subsection  
360 35A-4-304(5), or Subsection 35A-4-405(5), and at the discretion of the division, the  
361 division may accept an offer in compromise from an employer or claimant to reduce  
362 past due debt arising from contributions or benefit overpayments imposed under this  
363 chapter.

364 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
365 division shall make rules for allowing an offer in compromise provided under  
366 Subsection (12)(a).

367 *The following section is affected by a coordination clause at the end of this bill.*

368 Section 3. Section **58-55-313** is enacted to read:

369 **58-55-313 . Subcontractors.**370 (1) As used in this section:371 (a) "First-tier subcontractor" means a subcontractor who contracts directly with the  
372 general contractor.373 (b) "Second-tier subcontractor" means a subcontractor that contracts with a  
374 subcontractor.375 (c) "Special project" means:376 (i) the contract is with or authorized by a public entity as defined in Section  
377 63G-6a-103; or378 (ii) the prime contract is in an aggregate amount of \$5,000,000 or more.379 (d)(i) "Subcontractor" means a person under contract with a general contractor or  
380 another subcontractor to provide services or labor for the construction,  
381 installation, or repair of an improvement to real property.382 (ii) "Subcontractor" includes a trade contractor or specialty contractor.383 (iii) "Subcontractor" includes a first-tier subcontractor and a second-tier  
384 subcontractor.385 (iv) "Subcontractor" does not include a supplier that provides only materials,  
386 equipment, or supplies to a general contractor or subcontractor.387 (e) "Zero estimated exposure policy" means the same as that term is defined in Section  
388 31A-22-1017.389 (2) Before engaging in a construction trade on a special project, a subcontractor shall:390 (a) provide a list of current employees to the general contractor and the property owner  
391 for which the subcontractor engages in a construction trade;392 (b) provide the general contractor and the property owner the second-tier subcontractor's  
393 name and the second-tier subcontractor's license number if the subcontractor intends  
394 to accept a contract with a second-tier subcontractor related to construction trade on a  
395 special project;396 (c) if the subcontractor holds a zero estimated exposure policy, provide to a person that  
397 contracts with the subcontractor for construction trade on a special project:398 (i) written notice that the subcontractor has a zero estimated exposure policy; and399 (ii) a copy of the zero estimated exposure policy;400 (d) ensure that each of the subcontractor's employees on the construction site possess  
401 photo identification and shall ensure that the identification will be presented to the  
402 division upon request; and

403 (e) provide to the general contractor and the property owner the estimated number of  
 404 labor hours for their portion of the project.

405 (3) At the division's request, a subcontractor shall provide the following for each current  
 406 employee of the subcontractor:

407 (a) the name of the employee;

408 (b) the last four digits of the social security number of the employee; and

409 (c) if the employee possesses a professional license, the professional license number of  
 410 the employee.

411 (4)(a) The general contractor and the property owner shall retain the information the  
 412 subcontractor provides for three years from the day after the day on which the  
 413 general contractor and the property owner receive the information from the  
 414 subcontractor.

415 (b) The general contractor and the property owner shall provide the information the  
 416 general contractor and the property owner receive from a subcontractor to the  
 417 division at the division's request.

418 (5) The division may:

419 (a) make audit recommendations to the State Tax Commission; and

420 (b) provide information obtained in accordance with this section to the State Tax  
 421 Commission.

422 Section 4. Section **58-55-502** is amended to read:

423 **58-55-502 . Unprofessional conduct.**

424 Unprofessional conduct includes:

425 (1) failing to establish, maintain, or demonstrate financial responsibility while licensed as a  
 426 contractor under this chapter;

427 (2) disregarding or violating through gross negligence or a pattern of negligence:

428 (a) the building or construction laws of this state or any political subdivision;

429 (b) the safety and labor laws applicable to a project;

430 (c) any provision of the health laws applicable to a project;

431 (d) the workers' compensation insurance laws of this state applicable to a project;

432 (e) the laws governing withholdings for employee state and federal income taxes,  
 433 unemployment taxes, Social Security payroll taxes, or other required withholdings; or

434 (f) any reporting, notification, and filing laws of this state or the federal government;

435 (3) any willful, fraudulent, or deceitful act by a licensee, caused by a licensee, or at a  
 436 licensee's direction which causes material injury to another;

- 437 (4) contract violations that pose a threat or potential threat to the public health, safety, and  
438 welfare including:
- 439 (a) willful, deliberate, or grossly negligent departure from or disregard for plans or  
440 specifications, or abandonment or failure to complete a project without the consent of  
441 the owner or the owner's duly authorized representative or the consent of any other  
442 person entitled to have the particular project completed in accordance with the plans,  
443 specifications, and contract terms;
- 444 (b) failure to deposit funds to the benefit of an employee as required under any written  
445 contractual obligation the licensee has to the employee;
- 446 (c) failure to maintain in full force and effect any health insurance benefit to an  
447 employee that was extended as a part of any written contractual obligation or  
448 representation by the licensee, unless the employee is given written notice of the  
449 licensee's intent to cancel or reduce the insurance benefit at least 45 days before the  
450 effective date of the cancellation or reduction;
- 451 (d) failure to reimburse the Residence Lien Recovery Fund as required by Section  
452 38-11-207;
- 453 (e) failure to provide, when applicable, the information required by Section 38-11-108;  
454 and
- 455 (f) willfully or deliberately misrepresenting or omitting a material fact in connection  
456 with an application to claim recovery from the Residence Lien Recovery Fund under  
457 Section 38-11-204;
- 458 (5) failing as an alarm company to notify the division of the cessation of performance of [its]  
459 the alarm company's qualifying agent, or failing to replace [its] the alarm company's  
460 qualifying agent as required under Section 58-55-304;
- 461 (6) failing as an alarm company agent to carry or display a copy of the licensee's license as  
462 required under Section 58-55-311;
- 463 (7) failing to comply with operating standards established by rule in accordance with  
464 Section 58-55-308;
- 465 (8) an unincorporated entity licensed under this chapter having an individual who owns an  
466 interest in the unincorporated entity engage in a construction trade in Utah while not  
467 lawfully present in the United States;
- 468 (9) an unincorporated entity failing to provide the following for an individual who engages,  
469 or will engage, in a construction trade in Utah for the unincorporated entity:
- 470 (a) workers' compensation coverage to the extent required by Title 34A, Chapter 2,

- 471 Workers' Compensation Act, and Title 34A, Chapter 3, Utah Occupational Disease  
 472 Act; and
- 473 (b) unemployment compensation in accordance with Title 35A, Chapter 4, Employment  
 474 Security Act, for an individual who owns, directly or indirectly, less than an 8%  
 475 interest in the unincorporated entity, as defined by rule made by the division in  
 476 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
- 477 (10) the failure of an alarm company or alarm company agent to inform a potential  
 478 customer, before the customer's purchase of an alarm system or alarm service from the  
 479 alarm company, of the policy of the county, city, or town within which the customer  
 480 resides relating to priority levels for responding to an alarm signal transmitted by the  
 481 alarm system that the alarm company provides the customer;[~~or~~]
- 482 (11) failing to continuously maintain insurance and registration as required under  
 483 Subsection 58-55-302(2)[~~;~~] ; or
- 484 (12) failing to comply with Section 58-55-313.

485 **Section 5. Effective Date.**

486 This bill takes effect on May 6, 2026.

487 **Section 6. Coordinating H.B. 396 with H.B. 40.**

488 If H.B. 396, Special Project Subcontractor Amendments, and H.B. 40, Utah  
 489 Construction Trades Licensing Act Amendments, both pass and become law, the Legislature  
 490 intends that, on January 1, 2027:

- 491 (1) the following language be inserted as Subsection 58-55-603(9) in H.B. 40:  
 492 "(9) fails to comply with Section 58-55-213.";
- 493 (2) the following definitions be inserted alphabetically into Section 58-55-202 in H.B. 40  
 494 and that the existing subsections in Section 58-55-202 in H.B. 40 be renumbered accordingly:
- 495 (a) ""First-tier subcontractor" means a subcontractor that contracts directly with the general  
 496 contractor.";
- 497 (b) ""Second-tier subcontractor" means a subcontractor that contracts with a subcontractor."
- 498 (c) ""Special project" means:
- 499 (i) the contract is with or authorized by a public entity as defined in Section 63G-6a-103; or  
 500 (ii) the prime contract is in an aggregate amount of \$5,000,000 or more."
- 501 (d) "(a) "Subcontractor" means a person under contract with a general contractor or another  
 502 subcontractor to provide services or labor for the construction, installation, or repair of an  
 503 improvement to real property.
- 504 (b) "Subcontractor" includes a trade contractor or specialty contractor.

- 505 (c) "Subcontractor" includes a first-tier subcontractor and a second-tier subcontractor.
- 506 (d) "Subcontractor" does not include a supplier that provides only materials, equipment, or  
507 supplies to a general contractor or subcontractor."; and
- 508 (e) ""Zero estimated exposure policy" means the same as that term is defined in Section  
509 31A-22-1017.";
- 510 (3) Section 58-55-313 enacted in H.B. 396 not take effect; and
- 511 (4) Section 58-55-213 be enacted to read:
- 512 "58-55-213. Special project subcontractors.
- 513 (1) Before engaging in a construction trade on a special project, a subcontractor shall:
- 514 (a) provide a list of current employees to the general contractor and the property owner for  
515 which the subcontractor engages in a construction trade;
- 516 (b) provide the general contractor and the property owner the second-tier subcontractor's  
517 name and the second-tier subcontractor's license number if the subcontractor intends to accept  
518 a contract with a second-tier subcontractor related to construction trade on a special project;
- 519 (c) if the subcontractor holds a zero estimated exposure policy, provide to a person that  
520 contracts with the subcontractor for construction trade on a special project:
- 521 (i) written notice that the subcontractor has a zero estimated exposure policy; and  
522 (ii) a copy of the zero estimated exposure policy;
- 523 (d) ensure that each of the subcontractor's employees on the construction site possess photo  
524 identification and shall ensure that the identification will be presented to the division upon  
525 request; and
- 526 (e) provide to the general contractor and the property owner the estimated number of labor  
527 hours for their portion of the project.
- 528 (2) At the division's request, a subcontractor shall provide the following for each current  
529 employee of the subcontractor:
- 530 (a) the name of the employee;
- 531 (b) the last four digits of the social security number of the employee; and
- 532 (c) if the employee possesses a professional license, the professional license number of the  
533 employee.
- 534 (3)(a) The general contractor and the property owner shall retain the information the  
535 subcontractor provides for three years from the day after the day on which the general  
536 contractor and the property owner receive the information from the subcontractor.
- 537 (b) The general contractor and the property owner shall provide the information the general  
538 contractor and the property owner receive from a subcontractor to the division at the division's

\_ 539 request.  
\_ 540 (4) The division may:  
\_ 541 (a) make audit recommendations to the State Tax Commission; and  
\_ 542 (b) provide information obtained in accordance with this section to the State Tax  
\_ 543 Commission."