

1

General Oversight Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor:

2

LONG TITLE

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Committee Note:

4 The Rules Review and General Oversight Committee recommended this bill.

5 Legislative Vote: 7 voting for 0 voting against 3 absent

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General Description:

7 This bill amends provisions related to legislative general oversight, including administrative rulemaking.

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Highlighted Provisions:

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This bill:

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- defines terms;

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- renames the Rules Review and General Oversight Committee to the General Oversight

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Committee (committee);

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- amends the membership of the committee;

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- amends provisions related to what actions the committee may take regarding hearings and administrative rules;

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- amends when the committee may close meetings;

16

- amends provisions related to the process and procedures for making administrative rules;

17

- amends the responsibilities of the Office of Administrative Rules; and

18

- makes technical and conforming changes.

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Money Appropriated in this Bill:

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None

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Other Special Clauses:

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None

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Utah Code Sections Affected:

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AMENDS:

25 **19-1-111 (Effective 05/06/26)**, as enacted by Laws of Utah 2025, Chapter 156

26 **19-1-206 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 439

27 **19-1-207 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178

31 **19-5-104.5 (Effective 05/06/26) (Repealed 07/01/29)**, as last amended by Laws of Utah
32 2024, Chapter 178
33 **26B-1-219 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 470
34 **26B-3-129 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
35 **36-35-101 (Effective 05/06/26)**, as enacted by Laws of Utah 2024, Chapter 178
36 **36-35-102 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 463
37 **52-4-205 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 391
38 **53E-3-525 (Effective 05/06/26)**, as enacted by Laws of Utah 2025, Chapter 501
39 **53H-1-403 (Effective 05/06/26)**, as enacted by Laws of Utah 2025, First Special Session,
40 Chapter 8
41 **53H-7-303 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2025,
42 First Special Session, Chapter 8
43 **54-17-701 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
44 **63A-5b-607 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 439
45 **63A-13-202 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
46 **63A-13-305 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
47 **63G-3-102 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 483
48 **63G-3-201 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, First Special
49 Session, Chapter 9
50 **63G-3-301 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapters 463,
51 483
52 **63G-3-302 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 347
53 **63G-3-303 (Effective 05/06/26)**, as last amended by Laws of Utah 2016, Chapter 193
54 **63G-3-304 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
55 **63G-3-304.1 (Effective 05/06/26)**, as enacted by Laws of Utah 2025, Chapter 463
56 **63G-3-305 (Effective 05/06/26)**, as last amended by Laws of Utah 2016, Chapter 193
57 **63G-3-401 (Effective 05/06/26)**, as last amended by Laws of Utah 2021, Chapter 344
58 **63G-3-402 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
59 **63G-3-403 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
60 **63G-3-502 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 178
61 **63G-3-503 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 277
62 **63G-3-601 (Effective 05/06/26)**, as last amended by Laws of Utah 2020, Chapter 408
63 **63O-2-403 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter -1000
64 **72-6-107.5 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 439

65 **79-2-404 (Effective 05/06/26)**, as last amended by Laws of Utah 2024, Chapter 439

66 ENACTS:

67 **36-35-102.5 (Effective 05/06/26)**, Utah Code Annotated 1953

68 REPEALS:

69 **63G-3-101 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2008,
70 Chapter 382

71

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

72 Section 1. Section **19-1-111** is amended to read:

73 **19-1-111 (Effective 05/06/26). Governance committee with local health
74 departments.**

75 (1) As used in this section:

76 (a) "Exempt application" means an application for federal funding that meets the criteria
77 established under Subsection (3)(g).

78 (b) "Federal funding" means a grant, contract, or other funding from the federal
79 government that could provide funds for a local health department to fulfill the duties
80 and responsibilities of the local health department.

81 (c) "Governance committee" means the committee created in Subsection (2).

82 (2) The department shall establish a committee that consists of:

83 (a) the executive director or the executive director's designee;
84 (b) two representatives of the department appointed by the executive director; and
85 (c) three representatives of local health departments appointed by a group representing
86 all the local health departments in the state.

87 (3) The governance committee shall:

88 (a) review all state and federal funding to the department to identify funding that the
89 department may use to support:
90 (i) the requirements of Subsection 26A-1-106(3); and
91 (ii) the minimum performance standards created by the department under Subsection
92 26A-1-106(4);

93 (b) review the allocation of environmental quality resources between the department and
94 the local health departments, including whether funds allocated by contract or
95 cooperative agreement were:
96 (i) allocated in accordance with the formula described in Section 26A-1-116; and
97 (ii) subject to requirements satisfying or exceeding the minimum performance

99 standards created by the department under Section 26A-1-106;

100 (c) evaluate rules and department policies that affect a local health department in
101 accordance with Subsection (4);

102 (d) consider policy changes proposed by the department or by a local health department;

103 (e) coordinate the implementation of environmental quality programs to maximize
104 environmental quality resources;

105 (f) except as provided by Subsection (3)(g), review each department application for any
106 federal funding that affects a local health department before the department submits
107 the application; and

108 (g) establish a process by which the committee may exempt an application for federal
109 funding from the review required under Subsection (3)(f).

110 (4) When evaluating a policy or rule that affects a local health department, the governance
111 committee shall:

112 (a) compute an estimate of the cost a local health department will bear to comply with
113 the policy or rule;

114 (b) specify whether there is any funding provided to a local health department to
115 implement the policy or rule; and

116 (c) advise whether the policy or rule is needed.

117 (5) The governance committee shall create bylaws to govern the committee's operations.

118 (6) Before November 1 of each year, the department shall provide a report to the [Rules
119 ~~Review and General Oversight~~] General Oversight Committee regarding the
120 determinations made under Subsection (4).

121 Section 2. Section **19-1-206** is amended to read:

122 **19-1-206 (Effective 05/06/26). Contracting powers of department -- Health
123 insurance coverage.**

124 (1) As used in this section:

125 (a) "Aggregate" means the sum of all contracts, change orders, and modifications related
126 to a single project.

127 (b) "Change order" means the same as that term is defined in Section 63G-6a-103.

128 (c) "Employee" means, as defined in Section 34A-2-104, an "employee," "worker," or
129 "operative" who:

130 (i) works at least 30 hours per calendar week; and

131 (ii) meets employer eligibility waiting requirements for health care insurance, which
132 may not exceed the first day of the calendar month following 60 days after the day

133 on which the individual is hired.

134 (d) "Health benefit plan" means:

135 (i) the same as that term is defined in Section 31A-1-301; or

136 (ii) an employee welfare benefit plan:

137 (A) established under the Employee Retirement Income Security Act of 1974, 29
138 U.S.C. Sec. 1001 et seq.;

139 (B) for an employer with 100 or more employees; and

140 (C) in which the employer establishes a self-funded or partially self-funded group
141 health plan to provide medical care for the employer's employees and
142 dependents of the employees.

143 (e) "Qualified health coverage" means the same as that term is defined in Section
144 26B-3-909.

145 (f) "Subcontractor" means the same as that term is defined in Section 63A-5b-605.

146 (g) "Third party administrator" or "administrator" means the same as that term is defined
147 in Section 31A-1-301.

148 (2) Except as provided in Subsection (3), the requirements of this section apply to:

149 (a) a contractor of a design or construction contract entered into by, or delegated to, the
150 department, or a division or board of the department, on or after July 1, 2009, if the
151 prime contract is in an aggregate amount equal to or greater than \$2,000,000; and

152 (b) a subcontractor of a contractor of a design or construction contract entered into by, or
153 delegated to, the department, or a division or board of the department, on or after July
154 1, 2009, if the subcontract is in an aggregate amount equal to or greater than
155 \$1,000,000.

156 (3) This section does not apply to contracts entered into by the department or a division or
157 board of the department if:

158 (a) the application of this section jeopardizes the receipt of federal funds;

159 (b) the contract or agreement is between:

160 (i) the department or a division or board of the department; and

161 (ii)(A) another agency of the state;

162 (B) the federal government;

163 (C) another state;

164 (D) an interstate agency;

165 (E) a political subdivision of this state; or

166 (F) a political subdivision of another state;

167 (c) the executive director determines that applying the requirements of this section to a
168 particular contract interferes with the effective response to an immediate health and
169 safety threat from the environment; or

170 (d) the contract is:

171 (i) a sole source contract; or

172 (ii) an emergency procurement.

173 (4) A person that intentionally uses change orders, contract modifications, or multiple
174 contracts to circumvent the requirements of this section is guilty of an infraction.

175 (5)(a) A contractor subject to the requirements of this section shall demonstrate to the
176 executive director that the contractor has and will maintain an offer of qualified
177 health coverage for the contractor's employees and the employees' dependents during
178 the duration of the contract by submitting to the executive director a written
179 statement that:

180 (i) the contractor offers qualified health coverage that complies with Section
181 26B-3-909;

182 (ii) is from:

183 (A) an actuary selected by the contractor or the contractor's insurer;

184 (B) an underwriter who is responsible for developing the employer group's
185 premium rates; or

186 (C) if the contractor provides a health benefit plan described in Subsection
187 (1)(d)(ii), an actuary or underwriter selected by a third party administrator; and

188 (iii) was created within one year before the day on which the statement is submitted.

189 (b)(i) A contractor that provides a health benefit plan described in Subsection

190 (1)(d)(ii) shall provide the actuary or underwriter selected by an administrator, as
191 described in Subsection (5)(a)(ii)(C), sufficient information to determine whether
192 the contractor's contribution to the health benefit plan and the actuarial value of
193 the health benefit plan meet the requirements of qualified health coverage.

194 (ii) A contractor may not make a change to the contractor's contribution to the health
195 benefit plan, unless the contractor provides notice to:

196 (A) the actuary or underwriter selected by an administrator, as described in
197 Subsection (5)(a)(ii)(C), for the actuary or underwriter to update the written
198 statement described in Subsection (5)(a) in compliance with this section; and

199 (B) the department.

200 (c) A contractor that is subject to the requirements of this section shall:

201 (i) place a requirement in each of the contractor's subcontracts that a subcontractor
202 that is subject to the requirements of this section shall obtain and maintain an offer
203 of qualified health coverage for the subcontractor's employees and the employees'
204 dependents during the duration of the subcontract; and
205 (ii) obtain from a subcontractor that is subject to the requirements of this section a
206 written statement that:
207 (A) the subcontractor offers qualified health coverage that complies with Section
208 26B-3-909;
209 (B) is from an actuary selected by the subcontractor or the subcontractor's insurer,
210 an underwriter who is responsible for developing the employer group's
211 premium rates, or if the subcontractor provides a health benefit plan described
212 in Subsection (1)(d)(ii), an actuary or underwriter selected by an administrator;
213 and
214 (C) was created within one year before the day on which the contractor obtains the
215 statement.

216 (d)(i)(A) A contractor that fails to maintain an offer of qualified health coverage
217 described in Subsection (5)(a) during the duration of the contract is subject to
218 penalties in accordance with administrative rules adopted by the department
219 under Subsection (6).

220 (B) A contractor is not subject to penalties for the failure of a subcontractor to
221 obtain and maintain an offer of qualified health coverage described in
222 Subsection (5)(c)(i).

223 (ii)(A) A subcontractor that fails to obtain and maintain an offer of qualified
224 health coverage described in Subsection (5)(c) during the duration of the
225 subcontract is subject to penalties in accordance with administrative rules
226 adopted by the department under Subsection (6).

227 (B) A subcontractor is not subject to penalties for the failure of a contractor to
228 maintain an offer of qualified health coverage described in Subsection (5)(a).

229 (6) The department shall adopt administrative rules:
230 (a) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
231 (b) in coordination with:
232 (i) a public transit district in accordance with Section 17B-2a-818.5;
233 (ii) the Department of Natural Resources in accordance with Section 79-2-404;
234 (iii) the Division of Facilities Construction and Management in accordance with

Section 63A-5b-607;

(iv) the State Capitol Preservation Board in accordance with Section 630-2-403;

(v) the Department of Transportation in accordance with Section 72-6-107.5; and

(vi) the Legislature's [Rules Review and General Oversight] General Oversight

Committee created in Section 36-35-102; and

(c) that establish:

(i) the requirements and procedures a contractor and a subcontractor shall follow to demonstrate compliance with this section, including:

(A) that a contractor or subcontractor's compliance with this section is subject to an audit by the department or the Office of the Legislative Auditor General;

(B) that a contractor that is subject to the requirements of this section shall obtain a written statement described in Subsection (5)(a); and

(C) that a subcontractor that is subject to the requirements of this section shall obtain a written statement described in Subsection (5)(c)(ii);

(ii) the penalties that may be imposed if a contractor or subcontractor intentionally violates the provisions of this section, which may include:

(A) a three-month suspension of the contractor or subcontractor from entering into future contracts with the state upon the first violation;

(B) a six-month suspension of the contractor or subcontractor from entering into future contracts with the state upon the second violation;

(C) an action for debarment of the contractor or subcontractor in accordance with Section 63G-6a-904 upon the third or subsequent violation; and

(D) notwithstanding Section 19-1-303, monetary penalties which may not exceed 50% of the amount necessary to purchase qualified health coverage for an employee and the dependents of an employee of the contractor or subcontractor who was not offered qualified health coverage during the duration of the contract; and

(iii) a website on which the department shall post the commercially equivalent benchmark, for the qualified health coverage identified in Subsection (1)(e), that is provided by the Department of Health and Human Services, in accordance with Subsection 26B-3-909(2).

(7)(a)(i) In addition to the penalties imposed under Subsection (6)(c)(ii), a contractor or subcontractor who intentionally violates the provisions of this section is liable to the employee for health care costs that would have been covered by qualified

269 health coverage.

270 (ii) An employer has an affirmative defense to a cause of action under Subsection

271 (7)(a)(i) if:

272 (A) the employer relied in good faith on a written statement described in
273 Subsection (5)(a) or (5)(c)(ii); or

274 (B) the department determines that compliance with this section is not required
275 under the provisions of Subsection (3).

276 (b) An employee has a private right of action only against the employee's employer to
277 enforce the provisions of this Subsection (7).

278 (8) Any penalties imposed and collected under this section shall be deposited into the
279 Medicaid Growth Reduction and Budget Stabilization Account created in Section
280 63J-1-315.

281 (9) The failure of a contractor or subcontractor to provide qualified health coverage as
282 required by this section:

283 (a) may not be the basis for a protest or other action from a prospective bidder, offeror,
284 or contractor under:

285 (i) Section 63G-6a-1602; or

286 (ii) any other provision in Title 63G, Chapter 6a, Utah Procurement Code; and

287 (b) may not be used by the procurement entity or a prospective bidder, offeror, or
288 contractor as a basis for any action or suit that would suspend, disrupt, or terminate
289 the design or construction.

290 (10) An administrator, including an administrator's actuary or underwriter, who provides a
291 written statement under Subsection (5)(a) or (c) regarding the qualified health coverage
292 of a contractor or subcontractor who provides a health benefit plan described in
293 Subsection (1)(d)(ii):

294 (a) subject to Subsection (10)(b), is not liable for an error in the written statement, unless
295 the administrator commits gross negligence in preparing the written statement;

296 (b) is not liable for any error in the written statement if the administrator relied in good
297 faith on information from the contractor or subcontractor; and

298 (c) may require as a condition of providing the written statement that a contractor or
299 subcontractor hold the administrator harmless for an action arising under this section.

300 Section 3. Section **19-1-207** is amended to read:

301 **19-1-207 (Effective 05/06/26). Regulatory certainty to support economic
302 recovery.**

303 (1) On or before June 30, 2021, the Air Quality Board or the Water Quality Board may not
304 make, amend, or repeal a rule related to air or water quality pursuant to this title, if
305 formal rulemaking was not initiated on or before July 1, 2020, unless the rule constitutes:
306 (a) a state rule related to a federally-delegated program;
307 (b) a rule mandated by statute to be made, amended, or repealed on or before July 1,
308 2020; or
309 (c) subject to Subsection (2), a rule that is necessary because failure to make, amend, or
310 repeal the rule will:
311 (i) cause an imminent peril to the public health, safety, or welfare;
312 (ii) cause an imminent budget reduction because of budget restraints or federal
313 requirements;
314 (iii) place the agency in violation of federal or state law; or
315 (iv) fail to provide regulatory relief.

316 (2) In addition to complying with Title 63G, Chapter 3, Utah Administrative Rulemaking
317 Act, the department shall report to the ~~Rules Review and General Oversight~~ General
318 Oversight Committee as to whether the need to act meets the requirements of Subsection
319 (1)(c).

320 (3) On or after August 31, 2020, but on or before June 30, 2021, the Air Quality Board,
321 Division of Air Quality, Water Quality Board, or Division of Water Quality may not
322 impose a new fee or increase a fee related to air or water quality pursuant to this title or
323 rules made under this title.

324 (4) Only the Legislature may extend the time limitations of this section.

325 (5) Notwithstanding the other provisions of this section, this section does not apply to a
326 rule, fee, or fee increase to the extent that the rule, fee, or fee increase applies to an
327 activity in a county of the first or second class.

328 (6) Notwithstanding the other provisions of this section, the agencies may engage with
329 stakeholders in the process of discussing, developing, and drafting a rule, fee, or fee
330 increase on or after July 1, 2020, but on or before June 30, 2021.

331 Section 4. Section **19-5-104.5** is amended to read:

332 **19-5-104.5 (Effective 05/06/26) (Repealed 07/01/29). Legislative review and
333 approval.**

334 (1) Before sending a total maximum daily load and implementation strategy to the EPA for
335 review and approval, the Water Quality Board shall submit the total maximum daily
336 load:

337 (a) for review to the Natural Resources, Agriculture, and Environment Interim
338 Committee if the total maximum daily load will require a public or private
339 expenditure in excess of \$10,000,000 but less than \$100,000,000 for compliance; or
340 (b) for approval to the Legislature if the total maximum daily load will require a public
341 or private expenditure of \$100,000,000 or more.

342 (2)(a) As used in this Subsection (2):

343 (i) "Expenditure" means the act of expending funds:
344 (A) by an individual public facility with a Utah Pollutant Discharge Elimination
345 System permit, or by a group of private agricultural facilities; and
346 (B) through an initial capital investment, or through operational costs over a
347 three-year period.

348 (ii) "Utah Pollutant Discharge Elimination System" means the state permit system
349 created in accordance with 33 U.S.C. Sec. 1342.

350 (b) Before the board adopts a nitrogen or phosphorus rule or standard, the board shall
351 submit the rule or standard as directed in Subsections (2)(c) and (d).

352 (c)(i) If compliance with the rule or standard requires an expenditure in excess of
353 \$250,000, but less than \$10,000,000, the board shall submit the rule or standard
354 for review to the Natural Resources, Agriculture, and Environment Interim
355 Committee.

356 (ii)(A) Except as provided in Subsection (2)(c)(ii)(B), the Natural Resources,
357 Agriculture, and Environment Interim Committee shall review a rule or
358 standard the board submits under Subsection (2)(c)(i) during the Natural
359 Resources, Agriculture, and Environment Interim Committee's committee
360 meeting immediately following the day on which the board submits the rule or
361 standard.

362 (B) If the committee meeting described in Subsection (2)(c)(ii)(A) is within five
363 days after the day on which the board submits the rule or standard for review,
364 the Natural Resources, Agriculture, and Environment Interim Committee shall
365 review the rule or standard during the committee meeting described in
366 Subsection (2)(c)(ii)(A) or during the committee meeting immediately
367 following the committee meeting described in Subsection (2)(c)(ii)(A).

368 (d) If compliance with the rule or standard requires an expenditure of \$10,000,000 or
369 more, the board shall submit the rule or standard for approval to the Legislature.

370 (e)(i) A facility shall estimate the cost of compliance with a board-proposed rule or

371 standard described in Subsection (2)(b) using:

372 (A) an independent, licensed engineer; and

373 (B) industry-accepted project cost estimate methods.

374 (ii) The board may evaluate and report on a compliance estimate described in
375 Subsection (2)(e)(i).

376 (f) If there is a discrepancy in the estimated cost to comply with a rule or standard, the
377 Office of the Legislative Fiscal Analyst shall determine the estimated cost to comply
378 with the rule or standard.

379 (3) In reviewing a rule or standard, the Natural Resources, Agriculture, and Environment
380 Interim Committee may:

381 (a) consider the impact of the rule or standard on:

382 (i) economic costs and benefit;

383 (ii) public health; and

384 (iii) the environment;

385 (b) suggest additional areas of consideration; or

386 (c) recommend the rule or standard to the board for:

387 (i) adoption; or

388 (ii) re-evaluation followed by further review by the Natural Resources, Agriculture,
389 and Environment Interim Committee.

390 (4) When the Natural Resources, Agriculture, and Environment Interim Committee sets the
391 review of a rule or standard submitted under Subsection (2)(c)(i) as an agenda item, the
392 committee shall:

393 (a) before the review, directly inform the chairs of the [Rules Review and General
394 Oversight] General Oversight Committee of the coming review, including the date,
395 time, and place of the review; and

396 (b) after the review, directly inform the chairs of the [Rules Review and General
397 Oversight] General Oversight Committee of the outcome of the review, including any
398 recommendation.

399 Section 5. Section **26B-1-219** is amended to read:

400 **26B-1-219 (Effective 05/06/26). Requirements for issuing, recommending, or
401 facilitating rationing criteria.**

402 (1) As used in this section:

403 (a) "Health care resource" means:

404 (i) health care as defined in Section 78B-3-403;

405 (ii) a prescription drug as defined in Section 58-17b-102;
406 (iii) a prescription device as defined in Section 58-17b-102;
407 (iv) a nonprescription drug as defined in Section 58-17b-102; or
408 (v) any supply or treatment that is intended for use in the course of providing health
409 care as defined in Section 78B-3-403.

410 (b)(i) "Rationing criteria" means any requirement, guideline, process, or
411 recommendation regarding:
412 (A) the distribution of a scarce health care resource; or
413 (B) qualifications or criteria for a person to receive a scarce health care resource.
414 (ii) "Rationing criteria" includes crisis standards of care with respect to any health
415 care resource.

416 (c) "Scarce health care resource" means a health care resource:
417 (i) for which the need for the health care resource in the state or region significantly
418 exceeds the available supply of that health care resource in that state or region;
419 (ii) that, based on the circumstances described in Subsection (1)(c)(i), is distributed
420 or provided using written requirements, guidelines, processes, or
421 recommendations as a factor in the decision to distribute or provide the health care
422 resource; and
423 (iii) that the federal government has allocated to the state to distribute.

424 (2)(a) On or before July 1, 2022, the department shall make rules in accordance with
425 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish a procedure
426 that the department will follow to adopt, modify, require, facilitate, or recommend
427 rationing criteria.
428 (b) Beginning July 1, 2022, the department may not adopt, modify, require, facilitate, or
429 recommend rationing criteria unless the department follows the procedure established
430 by the department under Subsection (2)(a).

431 (3) The procedures developed by the department under Subsection (2) shall include, at a
432 minimum:
433 (a) a requirement that the department notify the following individuals in writing before
434 rationing criteria are issued, are recommended, or take effect:
435 (i) the Rules Review and General Oversight Committee created
436 in Section 36-35-102;
437 (ii) the governor or the governor's designee;
438 (iii) the president of the Senate or the president's designee;

439 (iv) the speaker of the House of Representatives or the speaker's designee;
440 (v) the executive director or the executive director's designee; and
441 (vi) if rationing criteria affect hospitals in the state, a representative of an association
442 representing hospitals throughout the state, as designated by the executive
443 director; and

444 (b) procedures for an emergency circumstance which shall include, at a minimum:
445 (i) a description of the circumstances under which emergency procedures described
446 in this Subsection (3)(b) may be used; and
447 (ii) a requirement that the department notify the individuals described in Subsections
448 (3)(a)(i) through (vi) as soon as practicable, but no later than 48 hours after the
449 rationing criteria take effect.

450 (4) The requirements described in this section and rules made under this section shall apply
451 regardless of whether rationing criteria:
452 (a) have the force and effect of law, or is solely advisory, informative, or descriptive;
453 (b) are carried out or implemented directly or indirectly by the department or by other
454 individuals or entities; or
455 (c) are developed solely by the department or in collaboration with other individuals or
456 entities.

457 (5) This section:
458 (a) may not be suspended under Section 53-2a-209 or any other provision of state law
459 relating to a state of emergency;
460 (b) does not limit a private entity from developing or implementing rationing criteria; and
461 (c) does not require the department to adopt, modify, require, facilitate, or recommend
462 rationing criteria that the department does not determine to be necessary or
463 appropriate.

464 (6) Subsection (2) does not apply to rationing criteria that are adopted, modified, required,
465 facilitated, or recommended by the department:
466 (a) through the regular, non-emergency rulemaking procedure described in Section
467 63G-3-301;
468 (b) if the modification is solely to correct a technical error in rationing criteria such as
469 correcting obvious errors and inconsistencies including those involving punctuation,
470 capitalization, cross references, numbering, and wording;
471 (c) to the extent that compliance with this section would result in a direct violation of
472 federal law;

473 (d) that are necessary for administration of the Medicaid program;

474 (e) if state law explicitly authorizes the department to engage in rulemaking to establish

475 rationing criteria; or

476 (f) if rationing criteria are authorized directly through a general appropriation bill that is

477 validly enacted.

478 Section 6. Section **26B-3-129** is amended to read:

479 **26B-3-129 (Effective 05/06/26). Review of claims -- Audit and investigation**

480 **procedures.**

481 (1)(a) The department shall adopt administrative rules in accordance with Title 63G,

482 Chapter 3, Utah Administrative Rulemaking Act, and in consultation with providers

483 and health care professionals subject to audit and investigation under the state

484 Medicaid program, to establish procedures for audits and investigations that are fair

485 and consistent with the duties of the department as the single state agency responsible

486 for the administration of the Medicaid program under Section 26B-3-108 and Title

487 XIX of the Social Security Act.

488 (b) If the providers and health care professionals do not agree with the rules proposed or

489 adopted by the department under Subsection (1)(a), the providers or health care

490 professionals may:

491 (i) request a hearing for the proposed administrative rule or seek any other remedies

492 under the provisions of Title 63G, Chapter 3, Utah Administrative Rulemaking

493 Act; and

494 (ii) request a review of the rule by the Legislature's ~~Rules Review and General~~

495 ~~Oversight~~ General Oversight Committee created in Section 36-35-102.

496 (2) The department shall:

497 (a) notify and educate providers and health care professionals subject to audit and

498 investigation under the Medicaid program of the providers' and health care

499 professionals' responsibilities and rights under the administrative rules adopted by the

500 department under the provisions of this section;

501 (b) ensure that the department, or any entity that contracts with the department to

502 conduct audits:

503 (i) has on staff or contracts with a medical or dental professional who is experienced

504 in the treatment, billing, and coding procedures used by the type of provider being

505 audited; and

506 (ii) uses the services of the appropriate professional described in Subsection ~~(3)(b)(i)~~

(2)(b)(i) if the provider who is the subject of the audit disputes the findings of the audit;

(c) ensure that a finding of overpayment or underpayment to a provider is not based on extrapolation, as defined in Section 63A-13-102, unless:

(i) there is a determination that the level of payment error involving the provider exceeds a 10% error rate:

(A) for a sample of claims for a particular service code; and

(B) over a three year period of time;

(ii) documented education intervention has failed to correct the level of payment error; and

(iii) the value of the claims for the provider, in aggregate, exceeds \$200,000 in reimbursement for a particular service code on an annual basis; and

(d) require that any entity with which the office contracts, for the purpose of conducting an audit of a service provider, shall be paid on a flat fee basis for identifying both overpayments and underpayments.

(a) If the department, or a contractor on behalf of the department:

(i) intends to implement the use of extrapolation as a method of auditing claims, the department shall, prior to adopting the extrapolation method of auditing, report [~~if the department's intent to use extrapolation to the Social Services Appropriations Subcommittee; and~~

(ii) determines Subsections (2)(c)(i) through (iii) are applicable to a provider, the department or the contractor may use extrapolation only for the service code associated with the findings under Subsections (2)(c)(i) through (iii).

(b)(i) If extrapolation is used under this section, a provider may, at the provider's option, appeal the results of the audit based on:

(A) each individual claim; or

(B) the extrapolation sample.

(ii) Nothing in this section limits a provider's right to appeal the audit under [Title 63G, General Government,] Title 63G, Chapter 4, Administrative Procedures Act the Medicaid program and its manual or rules, or other laws or rules that may provide remedies to providers.

Section 7. Section **36-35-101** is amended to read:

36-35-101 (Effective 05/06/26). Definitions.

As used in this chapter:

541 (1) "Abuse of authority" means an arbitrary or capricious exercise of power that:

542 (a) adversely affects the employment rights of another; or

543 (b) results in personal gain to the person exercising the authority or to another person.

544 (2) "Agency" means the same as that term is defined in Section 63G-3-102.

545 (3) "Agency rule" means the same as the term "rule" is defined in Section 63G-3-101.

546 [(2)] (4) "Committee" means the [Rules Review and General Oversight] General Oversight

547 Committee.

548 [(3)] (5) "Court Rule" means any of the following, whether existing, new, or proposed:

549 (a) rules of procedure, evidence, or practice for use of the courts of this state;

550 (b) rules governing and managing the appellate process adopted by the Supreme Court;

551 or

552 (c) rules adopted by the Judicial Council for the administration of the courts of the state.

553 (6) "Gross mismanagement" means action or failure to act by a person, with respect to a

554 person's responsibility, that causes significant harm or risk of harm to the mission of the

555 public entity or public body that employs, or is managed or controlled by, the person.

556 [(4)] (7) "Judicial advisory committee" means the committee that proposes to the Supreme

557 Court rules or changes in court rules related to:

558 (a) civil procedure;

559 (b) criminal procedure;

560 (c) juvenile procedure;

561 (d) appellate procedure;

562 (e) evidence;

563 (f) professional conduct; and

564 (g) the subject matter focus of any other committee that the Supreme Court establishes

565 to propose rules or changes in court rules to the Supreme Court.

566 [(5)] (8) "Judicial council" means the administrative body of the courts, established in Utah

567 Constitution, Article VIII, Section 12, and Section 78A-2-104.

568 (9) "Legislative issue" means any issue that could impact or inform legislation or potential

569 legislation.

570 (10) "Matter subject to litigation" means any issue that is directly or indirectly:

571 (a) being litigated in a court; or

572 (b) likely to be litigated in a court.

573 (11) "Office" means the same as that term is defined in Section 63G-3-102.

574 [(6)] (12) "Proposal for court rule" means the proposed language in a court rule that is

575 submitted to:

576 (a) the Judicial Council;
577 (b) the advisory committee; or
578 (c) the Supreme Court.

579 [§7] (13) "Rule" means an agency rule or a court rule.

580 (14) "Unethical conduct" means conduct that violates a provision of Title 67, Chapter 16,
581 Utah Public Officers' and Employees' Ethics Act.

582 (15) "Whistleblower compliant" means a complaint by a current or former agency
583 employee that alleges the employee's employer or former employer is:

584 (a) wasting or misusing public funds, property, or manpower;
585 (b) violating or may be violating a law, rule, or regulation adopted under the law of this
586 state, a political subdivision of this state, or any recognized entity of the United
587 States; or
588 (c) engaging in:
589 (i) gross mismanagement;
590 (ii) abuse of authority; or
591 (iii) unethical conduct.

592 Section 8. Section **36-35-102** is amended to read:

593 **36-35-102 (Effective 05/06/26). General Oversight Committee.**

594 (1)(a) There is created [a Rules Review and General Oversight] the General Oversight
595 Committee consisting of the following [10] 13 permanent members:

596 (i) [five] six members of the Senate appointed by the president of the Senate, no more
597 than [three] four of whom may be from the same political party; and
598 (ii) [five] seven members of the House of Representatives appointed by the speaker
599 of the House of Representatives, no more than [three] five of whom may be from
600 the same political party.

601 (b) Each permanent member shall serve[:] at the pleasure of the appointing officer.

602 [(i) for a two-year term; or]
603 [(ii) until the permanent member's successor is appointed.]

604 (c)(i) A vacancy exists when a permanent member ceases to be a member of the
605 Legislature, when removed by the appointing officer, or when a permanent
606 member resigns from the committee.

607 (ii) When a vacancy exists:

608 (A) if the departing member is a member of the Senate, the president of the Senate

609 shall appoint a member of the Senate to fill the vacancy; or

610 (B) if the departing member is a member of the House of Representatives, the
611 speaker of the House of Representatives shall appoint a member of the House
612 of Representatives to fill the vacancy.

613 ~~[The newly appointed member shall serve the remainder of the departing
614 member's unexpired term.]~~

615 (d)(i) The president of the Senate shall designate a member of the Senate appointed
616 under Subsection (1)(a)(i) as a cochair of the committee.

617 (ii) The speaker of the House of Representatives shall designate a member of the
618 House of Representatives appointed under Subsection (1)(a)(ii) as a cochair of the
619 committee.

620 (e) ~~[Three-] Four~~ representatives and three senators from the permanent members are a
621 quorum for the transaction of business at any meeting.

622 (f)~~(i) Subject to Subsection (1)(f)(ii), the~~ The committee shall meet ~~[at least once~~
623 ~~each month to review new agency rules and court rules, amendments to existing~~
624 ~~agency rules and court rules, and repeals of existing agency rules and court rules.]~~
625 at the discretion of the committee chairs.

626 ~~[(ii) The committee chairs may suspend the meeting requirement described in
627 Subsection (1)(f)(i) at the committee chairs' discretion.]~~

628 (2) The office shall submit a copy of each issue of the bulletin to the committee.

629 (3)(a) The committee shall:

630 (i) exercise continuous oversight of the administrative rulemaking process ~~[under]~~
631 ~~described in Title 63G, Chapter 3, Utah Administrative Rulemaking Act[,]~~ ; and~~[~~
632 ~~shall,~~]

633 (ii) for each general session of the Legislature, request legislation that considers
634 legislative reauthorization of agency rules as ~~[provided under]~~ described in Section
635 63G-3-502.

636 (b) The committee shall examine each agency rule, including any agency rule made
637 according to the emergency rulemaking procedure described in Section 63G-3-304,
638 submitted by an agency to determine:

639 (i) whether the agency rule is authorized by statute;
640 (ii) whether the agency rule complies with legislative intent;
641 (iii) the agency rule's impact on the economy and the government operations of the
642 state and local political subdivisions;

643 (iv) the agency rule's impact on affected persons;

644 (v) the agency rule's total cost to entities regulated by the state;

645 (vi) the agency rule's benefit to the citizens of the state; and

646 (vii) whether adoption of the agency rule requires legislative review or approval.

647 (c) The committee may examine and review:

648 (i) any executive order, including an order issued [pursuant to] under Title 53,

649 Chapter 2a, Part 2, Disaster Response and Recovery Act;

650 (ii) any public health order issued during a public health emergency declared in

651 accordance with Title 26A, Local Health Authorities, or Title 26B, Utah Health

652 and Human Services Code;

653 (iii) any agency action or policy that:

654 (A) affects a class of persons other than the agency; or

655 (B) is contrary to legislative intent;

656 (iv) in accordance with [Subsection (10),] Section 36-35-102.5:

657 (A) an individual child welfare case; or

658 [(v)] (B) [in accordance with Subsection (11),] information from an agency that is

659 subject to a confidentiality agreement[-] ; or

660 (v) any legislative issue.

661 (d) If the committee chooses to examine or review an order or policy described in

662 Subsection (3)(c), the agency that issued the order or policy shall, upon request by

663 the committee, provide to the committee:

664 (i) a copy of the order or policy; and

665 (ii) information related to the order or policy.

666 (e) The committee shall review court rules as provided in Section 36-35-103 and Section

667 36-35-104.

668 (f) The committee may close a meeting in accordance with Section 36-35-102.5.

669 (4)(a) To carry out the requirements of Subsection (3), the committee may examine any

670 other issues that the committee considers necessary.

671 (b) Notwithstanding anything to the contrary in this section, the committee may not

672 examine the internal policies, procedures, or practices of an agency or judicial branch

673 entity.

674 (c) In reviewing a rule, the committee shall follow generally accepted principles of

675 statutory construction.

676 (5) When the committee reviews an existing rule, the committee chairs:

677 (a) shall invite the Senate and House chairs of the standing committee and of the
678 appropriation subcommittee that have jurisdiction over the agency or judicial branch
679 entity whose existing rule is being reviewed to participate as nonvoting, ex officio
680 members with the committee during the review of the rule; and

681 (b) may notify and refer the rule to the chairs of the interim committee that has
682 jurisdiction over a particular agency or judicial branch entity when the committee
683 determines that an issue involved in the rule may be more appropriately addressed by
684 that committee.

685 (6) The committee may request that the Office of the Legislative Fiscal Analyst prepare a
686 fiscal note on any rule or proposal for court rule.

687 (7) In order to accomplish the committee's functions described in this chapter, the
688 committee has all the powers granted to legislative interim committees under Section
689 36-12-11.

690 (8)(a) The committee may prepare written findings of the committee's review of a rule,
691 proposal for court rule, policy, practice, ~~or~~ procedure, or legislative issue and may
692 include any recommendation, including:

693 (i) legislative action;
694 (ii) action by a standing committee or interim committee;
695 (iii) agency rulemaking action;
696 (iv) Supreme Court rulemaking action; or
697 (v) Judicial Council rulemaking action.

698 (b) When the committee reviews a rule, the committee shall provide to the agency or
699 judicial branch entity that enacted the rule:
700 (i) the committee's findings, if any; and
701 (ii) a request that the agency or judicial branch entity notify the committee of any
702 changes the agency or judicial branch entity makes to the rule.

703 (c) The committee shall provide a copy of the committee's findings described in
704 Subsection (8)(a), if any, to:
705 (i) any member of the Legislature, upon request;
706 (ii) any person affected by the rule, upon request;
707 (iii) the president of the Senate;
708 (iv) the speaker of the House of Representatives;
709 (v) the Senate and House chairs of the standing committee that has jurisdiction over
710 the agency or judicial branch entity whose rule, policy, practice, or procedure is

711 the subject of the finding;

712 (vi) the Senate and House chairs of the appropriation subcommittee that has
713 jurisdiction over the agency or judicial branch entity that made the rule;

714 (vii) the governor; and

715 (viii) if the findings involve a court rule or judicial branch entity:

716 (A) the Judiciary Interim Committee;

717 (B) the Supreme Court; and

718 (C) the Judicial Council.

719 (9)(a)(i) The committee may submit a report on the committee's review under this
720 section to each member of the Legislature at each regular session.

721 (ii) The report shall include:

722 (A) any finding or recommendation the committee made under Subsection (8);

723 (B) any action an agency, the Supreme Court, or the Judicial Council took in
724 response to a committee recommendation; and

725 (C) any recommendation by the committee for legislation.

726 (b) If the committee receives a recommendation not to reauthorize an agency rule, as
727 described in Subsection 63G-3-301(13)(b), and the committee recommends to the
728 Legislature reauthorization of the agency rule, the committee shall submit a report to
729 each member of the Legislature detailing the committee's decision.

730 (c) The committee may open a committee bill file to draft legislation by:

731 (i) committee vote; or

732 (ii) the House and Senate chairs agreeing to open a committee bill file if:

733 (A) the committee has voted to grant the chairs the ability to open committee bill
734 files in the first meeting of the committee after the Legislature has adjourned
735 sine die from the annual general session; and

736 (B) the chairs open a committee bill during the calendar year in which the vote
737 described in Subsection (9)(c)(ii)(A) has occurred.

738 [(10) Notwithstanding any other provision of this section, when reviewing and discussing
739 an individual child welfare case under Subsection (3)(e)(iv):]

740 [(a) the committee:]

741 [(i) shall close the committee's meeting in accordance with Title 52, Chapter 4, Open
742 and Public Meetings Act;]

743 [(ii) shall make reasonable efforts to identify and consider the concerns of all parties
744 to the case; and]

745 [((iii) ~~may not make recommendations to the court, the division, or any other public~~
746 ~~or private entity regarding the disposition of an individual child welfare case;~~]
747 [(b) ~~a record of the committee regarding an individual child welfare case:~~]
748 [(i) ~~is classified as private under Section 63G-2-302; and~~]
749 [(ii) ~~may be disclosed only in accordance with federal law and Title 63G, Chapter 2,~~
750 ~~Government Records Access and Management Act; and~~]
751 [(e) ~~any documents received by the committee from the Division of Child and Family~~
752 ~~Services shall maintain the same classification under Title 63G, Chapter 2,~~
753 ~~Government Records Access and Management Act, that was designated by the~~
754 ~~Division of Child and Family Services.~~]
755 [(1) ~~Notwithstanding any other provision of this section, when reviewing information~~
756 ~~described in Subsection (3)(e)(v):~~]
757 [(a) ~~the committee shall close the committee's meeting in accordance with Title 52,~~
758 ~~Chapter 4, Open and Public Meetings Act;~~]
759 [(b) ~~a record of the committee regarding the information:~~]
760 [(i) ~~is classified as private under Section 63G-2-302; and~~]
761 [(ii) ~~may be disclosed only in accordance with federal law and Title 63G, Chapter 2,~~
762 ~~Government Records Access and Management Act; and~~]
763 [(e) ~~any documents received by the committee when reviewing the information shall~~
764 ~~maintain the same classification under Title 63G, Chapter 2, Government Records~~
765 ~~Access and Management Act, that was designated by the government entity.~~]
766 Section 9. Section **36-35-102.5** is enacted to read:
767 **36-35-102.5 (Effective 05/06/26). Closed meeting authorized.**
768 (1) When reviewing and discussing an individual child welfare case:
769 (a) the committee:
770 (i) shall close the committee's meeting in accordance with Title 52, Chapter 4, Open
771 and Public Meetings Act;
772 (ii) shall make reasonable efforts to identify and consider the concerns of all parties
773 to the case; and
774 (iii) may not make recommendations to the court, the division, or any other public or
775 private entity regarding the disposition of an individual child welfare case;
776 (b) a record of the committee regarding an individual child welfare case:
777 (i) is classified as private under Section 63G-2-302; and
778 (ii) may be disclosed only in accordance with federal law and Title 63G, Chapter 2,

Government Records Access and Management Act; and

(c) any documents received by the committee from the Division of Child and Family Services shall maintain the same classification under Title 63G, Chapter 2, Government Records Access and Management Act, that was designated by the Division of Child and Family Services.

(2) When reviewing information subject to a confidentiality agreement:

- (a) the committee shall close the committee's meeting in accordance with Title 52, Chapter 4, Open and Public Meetings Act;
- (b) a record of the committee regarding the information:
 - (i) is classified as private under Section 63G-2-302; and
 - (ii) may be disclosed only in accordance with federal law and Title 63G, Chapter 2, Government Records Access and Management Act; and
- (c) any documents received by the committee when reviewing the information shall maintain the same classification under Title 63G, Chapter 2, Government Records Access and Management Act, that was designated by the government entity providing the documents.

(3)(a) The committee may close a committee meeting in accordance with Title 52, Chapter 4, Open and Public Meetings Act, if the committee is reviewing a matter subject to litigation or a whistleblower complaint.

(b) If the meeting is closed under Subsection (3)(a):

- (i) the record of the committee related to the matter subject to litigation or whistleblower complaint:
 - (A) is classified as private under Section 63G-2-302; and
 - (B) may be disclosed only in accordance with federal law and Title 63G, Chapter 2, Government Records Access and Management Act; and
- (ii) any documents or materials received by the committee when reviewing the matter subject to litigation or whistleblower shall:
 - (A) except as provided in Subsection (3)(b)(ii)(B), be classified as private; or
 - (B) maintain the same classification under Title 63G, Chapter 2, Government Records Access and Management Act, that was designated by a government entity providing the documents or materials.

Section 10. Section **52-4-205** is amended to read:

52-4-205 (Effective 05/06/26). Purposes of closed meetings -- Certain issues prohibited in closed meetings.

813 (1) A closed meeting described under Section 52-4-204 may only be held for:

814 (a) except as provided in Subsection (3), discussion of the character, professional
815 competence, or physical or mental health of an individual;

816 (b) strategy sessions to discuss collective bargaining;

817 (c) strategy sessions to discuss pending or reasonably imminent litigation;

818 (d) strategy sessions to discuss the purchase, exchange, or lease of real property,
819 including any form of a water right or water shares, or to discuss a proposed
820 development agreement, project proposal, or financing proposal related to the
821 development of land owned by the state or a political subdivision, if public
822 discussion would:

823 (i) disclose the appraisal or estimated value of the property under consideration; or
824 (ii) prevent the public body from completing the transaction on the best possible
825 terms;

826 (e) strategy sessions to discuss the sale of real property, including any form of a water
827 right or water shares, if:

828 (i) public discussion of the transaction would:

829 (A) disclose the appraisal or estimated value of the property under consideration;
830 or

831 (B) prevent the public body from completing the transaction on the best possible
832 terms;

833 (ii) the public body previously gave public notice that the property would be offered
834 for sale; and

835 (iii) the terms of the sale are publicly disclosed before the public body approves the
836 sale;

837 (f) discussion regarding deployment of security personnel, devices, or systems;

838 (g) investigative proceedings regarding allegations of criminal misconduct;

839 (h) as relates to the Independent Legislative Ethics Commission, conducting business
840 relating to the receipt or review of ethics complaints;

841 (i) as relates to an ethics committee of the Legislature, a purpose permitted under
842 Section 52-4-204;

843 (j) as relates to the Independent Executive Branch Ethics Commission created in Section
844 63A-14-202, conducting business relating to an ethics complaint;

845 (k) as relates to a county legislative body, discussing commercial information as defined
846 in Section 59-1-404;

- 847 (l) as relates to the Utah Higher Education Savings Board of Trustees and its appointed
848 board of directors, discussing fiduciary or commercial information;
- 849 (m) deliberations, not including any information gathering activities, of a public body
850 acting in the capacity of:
 - 851 (i) an evaluation committee under Title 63G, Chapter 6a, Utah Procurement Code,
852 during the process of evaluating responses to a solicitation, as defined in Section
853 63G-6a-103;
 - 854 (ii) a protest officer, defined in Section 63G-6a-103, during the process of making a
855 decision on a protest under Title 63G, Chapter 6a, Part 16, Protests; or
 - 856 (iii) a procurement appeals panel under Title 63G, Chapter 6a, Utah Procurement
857 Code, during the process of deciding an appeal under Title 63G, Chapter 6a, Part
858 17, Procurement Appeals Board;
- 859 (n) the purpose of considering information that is designated as a trade secret, as defined
860 in Section 13-24-2, if the public body's consideration of the information is necessary
861 to properly conduct a procurement under Title 63G, Chapter 6a, Utah Procurement
862 Code;
- 863 (o) the purpose of discussing information provided to the public body during the
864 procurement process under Title 63G, Chapter 6a, Utah Procurement Code, if, at the
865 time of the meeting:
 - 866 (i) the information may not, under Title 63G, Chapter 6a, Utah Procurement Code, be
867 disclosed to a member of the public or to a participant in the procurement process;
868 and
 - 869 (ii) the public body needs to review or discuss the information to properly fulfill its
870 role and responsibilities in the procurement process;
- 871 (p) as relates to the governing board of a governmental nonprofit corporation, as that
872 term is defined in Section 11-13a-102, the purpose of discussing information that is
873 designated as a trade secret, as that term is defined in Section 13-24-2, if:
 - 874 (i) public knowledge of the discussion would reasonably be expected to result in
875 injury to the owner of the trade secret; and
 - 876 (ii) discussion of the information is necessary for the governing board to properly
877 discharge the board's duties and conduct the board's business;
- 878 (q) as it relates to the Cannabis Production Establishment Licensing Advisory Board, to
879 review confidential information regarding violations and security requirements in
880 relation to the operation of cannabis production establishments;

881 (r) considering a loan application, if public discussion of the loan application would
882 disclose:
883 (i) nonpublic personal financial information; or
884 (ii) a nonpublic trade secret, as defined in Section 13-24-2, or nonpublic business
885 financial information the disclosure of which would reasonably be expected to
886 result in unfair competitive injury to the person submitting the information;

887 (s) a discussion of the board of the Point of the Mountain State Land Authority, created
888 in Section 11-59-201, regarding a potential tenant of point of the mountain state land,
889 as defined in Section 11-59-102; [or]

890 (t) as relates to the General Oversight Committee, discussing matters subject to litigation
891 and whistleblower complaints as described in Subsection 36-35-102.5(3); or
892 [(t)] (u) a purpose for which a meeting is required to be closed under Subsection (2).

893 (2) The following meetings shall be closed:

894 (a) a meeting of the Health and Human Services Interim Committee to review a report
895 described in Subsection 26B-1-506(1)(a), and a response to the report described in
896 Subsection 26B-1-506(2);

897 (b) a meeting of the Child Welfare Legislative Oversight Panel to:
898 (i) review a report described in Subsection 26B-1-506(1)(a), and a response to the
899 report described in Subsection 26B-1-506(2); or
900 (ii) review and discuss an individual case, as described in Section 36-33-103;

901 (c) a meeting of a conservation district as defined in Section 17D-3-102 for the purpose
902 of advising the Natural Resource Conservation Service of the United States
903 Department of Agriculture on a farm improvement project if the discussed
904 information is protected information under federal law;

905 (d) a meeting of the Compassionate Use Board established in Section 26B-1-421 for the
906 purpose of reviewing petitions for a medical cannabis card in accordance with
907 Section 26B-1-421;

908 (e) a meeting of the Colorado River Authority of Utah if:
909 (i) the purpose of the meeting is to discuss an interstate claim to the use of the water
910 in the Colorado River system; and
911 (ii) failing to close the meeting would:
912 (A) reveal the contents of a record classified as protected under Subsection
913 63G-2-305(81);
914 (B) reveal a legal strategy relating to the state's claim to the use of the water in the

915 Colorado River system;

916 (C) harm the ability of the Colorado River Authority of Utah or river
917 commissioner to negotiate the best terms and conditions regarding the use of
918 water in the Colorado River system; or
919 (D) give an advantage to another state or to the federal government in negotiations
920 regarding the use of water in the Colorado River system;

921 (f) a meeting of the General Regulatory Sandbox Program Advisory Committee if:

922 (i) the purpose of the meeting is to discuss an application for participation in the
923 regulatory sandbox as defined in Section 63N-16-102; and
924 (ii) failing to close the meeting would reveal the contents of a record classified as
925 protected under Subsection 63G-2-305(82);

926 (g) a meeting of a project entity if:

927 (i) the purpose of the meeting is to conduct a strategy session to discuss market
928 conditions relevant to a business decision regarding the value of a project entity
929 asset if the terms of the business decision are publicly disclosed before the
930 decision is finalized and a public discussion would:
931 (A) disclose the appraisal or estimated value of the project entity asset under
932 consideration; or
933 (B) prevent the project entity from completing on the best possible terms a
934 contemplated transaction concerning the project entity asset;
935 (ii) the purpose of the meeting is to discuss a record, the disclosure of which could
936 cause commercial injury to, or confer a competitive advantage upon a potential or
937 actual competitor of, the project entity;
938 (iii) the purpose of the meeting is to discuss a business decision, the disclosure of
939 which could cause commercial injury to, or confer a competitive advantage upon a
940 potential or actual competitor of, the project entity; or
941 (iv) failing to close the meeting would prevent the project entity from getting the best
942 price on the market; and

943 (h) a meeting of the Rules Review and General Oversight General Oversight
944 Committee to review and discuss:

945 (i) an individual child welfare case as described in Subsection 36-35-102(3)(c); or
946 (ii) information that is subject to a confidentiality agreement as described in
947 Subsection 36-35-102(3)(c).

948 (3) In a closed meeting, a public body may not:

949 (a) interview a person applying to fill an elected position;
950 (b) discuss filling a midterm vacancy or temporary absence governed by Title 20A,
951 Chapter 1, Part 5, Candidate Vacancy and Vacancy and Temporary Absence in
952 Elected Office; or
953 (c) discuss the character, professional competence, or physical or mental health of the
954 person whose name was submitted for consideration to fill a midterm vacancy or
955 temporary absence governed by Title 20A, Chapter 1, Part 5, Candidate Vacancy and
956 Vacancy and Temporary Absence in Elected Office.

957 Section 11. Section **53E-3-525** is amended to read:

958 **53E-3-525 (Effective 05/06/26). State board transparency.**

959 (1) Beginning January 1, 2027, the state board shall:
960 (a) publish on the state board's website a record of each vote by the state board,
961 including:
962 (i) the date, time, and place of the meeting;
963 (ii) the subject of the vote;
964 (iii) the names of state board members present and absent;
965 (iv) the result of the vote, including each board member's individual vote; and
966 (v) the audio or video associated with the vote;
967 (b) distribute a contract the state board intends to consider at a meeting to each state
968 board member at least five days before the date on which the meeting is scheduled to
969 occur;
970 (c) ensure the information described in Subsection (1)(a) is accessible through a single
971 click from the state board's home webpage; and
972 (d) post the information required by Subsection (1)(a) within seven business days after a
973 vote.
974 (2) In accordance with Title 36, Chapter 35, ~~Rules Review and General Oversight~~ General
975 Oversight Committee, the ~~Rules Review and General Oversight~~ General Oversight
976 Committee may request a report from the state board detailing the:
977 (a) implementation of the requirements of this section; and
978 (b) the state board's compliance with the requirements of this section.

979 Section 12. Section **53H-1-403** is amended to read:

980 **53H-1-403 (Effective 05/06/26). Other required reports to the Legislature or**
981 **state level entities.**

982 (1) The following entities shall submit reports to the Education Interim Committee as

described in each referenced section:

(a) the board shall submit:

- (i) an annual report regarding the board's activities and performance against the board's goals and metrics as described in Section 53H-1-203;
- (ii) an annual report detailing the board's progress and recommendations on workforce related issues as described in Section 53H-1-203;
- (iii) a report regarding an institution compensating a student athlete for the use of the student athlete's name, image, or likeness as described in Section 53H-6-202;
- (iv) an annual report regarding the talent advisory councils as described in Section 53H-13-309;

(b) the Office of Legislative Research and General Counsel shall provide a summary regarding the data collected from campus expression climate surveys as described in Section 53H-1-504;

(c) the Utah Education and Telehealth Network shall provide an annual report as described in Section 53H-4-213.7;

(d) an institution with and without housing facilities shall provide an annual report regarding crime statistics as described in Section 53H-7-603;

(e) the Center for Civic Excellence at Utah State University shall provide a report before July 1, 2029, regarding implementation as described in Section 53H-4-307.6;

(f) the Rocky Mountain Center for Occupational and Environmental Health Advisory Board shall provide by July 1 each year a report as described in Section 53H-5-205;

(g) the Utah Data Research Center shall provide an annual report as described in Section 53H-15-303;

(h) the Higher Education and Corrections Council shall provide an annual report as described in Section 53H-1-604; and

(i) the commissioner shall provide, in collaboration with the entities described in Subsection 53H-13-405(1), an annual report regarding the cooperative education program as described in Section 53H-13-407.

(2) The following entities shall submit reports to the Executive Appropriations Committee as described in each referenced section:

(a) the board shall submit:

- (i) in the September 2025 meeting, a report regarding institutions' strategic reinvestment plans as described in Section 53H-8-210; and

- (ii) in the September 2026 and 2027 meetings, a report regarding the progress of

institutions in executing the institutions' strategic reinvestment plan as described in Section 53H-8-210; and

(b) the Nucleus Institute shall provide an annual report as described in Section 53H-16-406.

The following entities shall submit reports to the Natural Resources, Agriculture, and Environment Interim Committee as described in each referenced section:

(a) the Utah State University Bingham Entrepreneurship and Energy Research Center shall annually report as described in Section 53H-4-316; and

(b) the Utah State University Food Security Council shall prepare and submit an annual written report as described in Section 53H-4-313.

The following entities shall submit reports to the Economic Development and Workforce Services Interim Committee as described in each referenced section:

(a) the commissioner shall provide, in collaboration with the entities described in Subsection 53H-13-405(1), an annual report regarding the cooperative education program as described in Section 53H-13-407;

(b) Utah State University shall provide a report every three years regarding the remote online opportunities program as described in Section 53H-4-312;

(c) the Utah State University Food Security Council shall prepare and submit an annual written report as described in Section 53H-4-313; and

(d) the Nucleus Institute shall provide an annual report as described in Section 53H-16-406.

The ASPIRE Engineering Research Center at Utah State University shall provide an annual report to the Transportation and Infrastructure Appropriations Subcommittee as described in Section 53H-4-306.6.

The Utah Data Research Center shall provide an annual report to the Business and Labor Interim Committee as described in Section 53H-15-305.

The board shall provide the following reports to state agencies and departments as described in each referenced section:

(a) to the Division of Facilities Construction and Management and others upon request, an annual technical college lease report as described in Section 53H-9-602;

(b) to the Department of Veterans and Military Affairs, an annual report regarding number of credits awarded as described in Section 53H-3-703; and

(c) to the ~~Rules Review and General Oversight~~ General Oversight Committee, an annual report regarding civil liberties complaints as described in Section 53H-7-303.

1051 (8) The board shall provide to the general session of the Legislature for budget
1052 recommendation purposes an annual report regarding:
1053 (a) waivers of tuition as described in Section 53H-11-307; and
1054 (b) nonresident tuition scholarships as described in Section 53H-11-405.

1055 (9) An institution shall provide the following reports as described in each referenced
1056 section:
1057 (a) to the institution's governing board and published on the governing board's website,
1058 the institution's required prohibited submissions described in Section 53H-1-502;
1059 (b) to the board, disclosures of foreign gifts received as described in Section 53H-8-503;
1060 (c) for a qualifying institution, to the board annually regarding the faculty incentive
1061 component of the Engineering and Computer Science Initiative as described in
1062 Section 53H-1-603;
1063 (d) for a degree-granting institution:
1064 (i) to the board annually regarding post-tenured data as described in Section
1065 53H-3-406;
1066 (ii) to the board annually regarding technical education as described in Section
1067 53H-3-609;
1068 (e) for a technical college:
1069 (i) to the board annually regarding secondary student needs and access to programs as
1070 described in Section 53H-3-1203;
1071 (ii) to the board annually regarding annual leases as described in Section 53H-9-602;
1072 (f) on a date the board determines for 2026 and 2027, regarding the institution's progress
1073 in executing the institution's strategic reinvestment plan as described in Section
1074 53H-8-210;
1075 (g) in accordance with rules the board establishes, to the board annually regarding the
1076 Opportunity scholarships awarded as described in Section 53H-11-402;
1077 (h) in accordance with rules the board establishes, reports related to the promise grants
1078 as described in Section 53H-11-414;
1079 (i) to the board annually regarding credit for prior learning as described in Section
1080 53H-3-702; and
1081 (j) for an institution with or without housing facilities, an annual report regarding crime
1082 statistics to the Law Enforcement and Criminal Justice Interim Committee as
1083 described in Section 53H-7-603.

1084 (10) An institution's board of trustees shall provide to the board annually a report regarding

1085 any approved contracts or grants as described in Section 53H-8-208.

1086 (11) The commissioner shall provide the following reports as described in each referenced
1087 section:

1088 (a) an annual summary report regarding institutional matches for the faculty incentive
1089 component of the Engineering and Computer Science Initiative as described in
1090 Section 53H-1-603; and

1091 (b) in collaboration with the entities described in Subsection 53H-13-405(1), an annual
1092 report regarding the cooperative education program as described in Section
1093 53H-13-407 to the Talent, Education, and Industry Alignment Board and the board.

1094 (12) The Talent Ready Utah Program shall provide an annual report to the board as
1095 described in Section 53H-13-304.

1096 (13) The Utah Works Program shall provide an annual report to the board as described in
1097 Section 53H-13-307.

1098 (14) The University of Utah shall provide an annual report to the governor regarding the
1099 engineering experiment station as described in Section 53H-4-208.

1100 (15) The Center for Civic Excellence at Utah State University vice provost shall annually
1101 report to the provost, the president of the institution, and the commissioner as described
1102 in Section 53H-4-307.6.

1103 Section 13. Section **53H-7-303** is amended to read:

1104 **53H-7-303 (Effective 05/06/26). Complaint process -- Reporting.**

1105 (1) The board shall make rules in accordance with Title 63G, Chapter 3, Utah
1106 Administrative Rulemaking Act, establishing a procedure whereby a student enrolled in
1107 an institution may submit a complaint to the board alleging a policy of the institution
1108 directly affects one or more of the student's civil liberties.

1109 (2)(a) When a student submits a complaint in accordance with the rules adopted under
1110 Subsection (1), the board shall:

1111 (i) examine the complaint and, within 30 days after the day on which the board
1112 receives the complaint, determine whether the complaint is made in good faith; and

1113 (ii)(A) if the board determines that the complaint is made in good faith, direct the
1114 institution against which the complaint is made to initiate rulemaking
1115 proceedings for the challenged policy; or

1116 (B) if the board determines that the complaint is made in bad faith, dismiss the
1117 complaint.

1118 (b) Before November 30 of each year, the board shall submit a report to the [Rules

Review and General Oversight] General Oversight Committee detailing:

- (i) the number of complaints the board received during the preceding year;
- (ii) the number of complaints the board found to be made in good faith during the preceding year; and
- (iii) each policy that is the subject of a good-faith complaint that the board received during the preceding year.

(3) If the board directs an institution to initiate rulemaking proceedings for a challenged policy in accordance with this section, the institution shall initiate rulemaking proceedings for the policy within 60 days after the day on which the board directs the institution.

Section 14. Section **54-17-701** is amended to read:

54-17-701 (Effective 05/06/26). Rules for carbon capture and geological storage.

(1) By January 1, 2011, the Division of Water Quality and the Division of Air Quality, on behalf of the Board of Water Quality and the Board of Air Quality, respectively, in collaboration with the commission and the Division of Oil, Gas, and Mining and the Utah Geological Survey, shall present recommended rules to the Legislature's [Rules Review and General Oversight] General Oversight Committee for the following in connection with carbon capture and accompanying geological sequestration of captured carbon:

- (a) site characterization approval;
- (b) geomechanical, geochemical, and hydrogeological simulation;
- (c) risk assessment;
- (d) mitigation and remediation protocols;
- (e) issuance of permits for test, injection, and monitoring wells;
- (f) specifications for the drilling, construction, and maintenance of wells;
- (g) issues concerning ownership of subsurface rights and pore space;
- (h) allowed composition of injected matter;
- (i) testing, monitoring, measurement, and verification for the entirety of the carbon capture and geologic sequestration chain of operations, from the point of capture of the carbon dioxide to the sequestration site;
- (j) closure and decommissioning procedure;
- (k) short- and long-term liability and indemnification for sequestration sites;
- (l) conversion of enhanced oil recovery operations to carbon dioxide geological sequestration sites; and

1153 (m) other issues as identified.

1154 (2) The entities listed in Subsection (1) shall report to the Legislature's [Rules Review and
1155 General Oversight] General Oversight Committee any proposals for additional statutory
1156 changes needed to implement rules contemplated under Subsection (1).

1157 (3) On or before July 1, 2009, the entities listed in Subsection (1) shall submit to the
1158 Legislature's Public Utilities, Energy, and Technology and Natural Resources,
1159 Agriculture, and Environment Interim Committees a progress report on the development
1160 of the recommended rules required by this part.

1161 (4) The recommended rules developed under this section apply to the injection of carbon
1162 dioxide and other associated injectants in allowable types of geological formations for
1163 the purpose of reducing emissions to the atmosphere through long-term geological
1164 sequestration as required by law or undertaken voluntarily or for subsequent beneficial
1165 reuse.

1166 (5) The recommended rules developed under this section do not apply to the injection of
1167 fluids through the use of Class II injection wells as defined in 40 C.F.R. 144.6(b) for the
1168 purpose of enhanced hydrocarbon recovery.

1169 (6) Rules recommended under this section shall:

1170 (a) ensure that adequate health and safety standards are met;

1171 (b) minimize the risk of unacceptable leakage from the injection well and injection zone
1172 for carbon capture and geologic sequestration; and

1173 (c) provide adequate regulatory oversight and public information concerning carbon
1174 capture and geologic sequestration.

1175 Section 15. Section **63A-5b-607** is amended to read:

1176 **63A-5b-607 (Effective 05/06/26). Health insurance requirements -- Penalties.**

1177 (1) As used in this section:

1178 (a) "Aggregate amount" means the dollar sum of all contracts, change orders, and
1179 modifications for a single project.

1180 (b) "Change order" means the same as that term is defined in Section 63G-6a-103.

1181 (c) "Eligible employee" means an employee, as defined in Section 34A-2-104, who:
1182 (i) works at least 30 hours per calendar week; and
1183 (ii) meets the employer eligibility waiting period for qualified health insurance
1184 coverage provided by the employer.

1185 (d) "Health benefit plan" means:

1186 (i) the same as that term is defined in Section 31A-1-301; or

1187 (ii) an employee welfare benefit plan:

1188 (A) established under the Employee Retirement Income Security Act of 1974, 29

1189 U.S.C. Sec. 1001 et seq.;

1190 (B) for an employer with 100 or more employees; and

1191 (C) in which the employer establishes a self-funded or partially self-funded group

1192 health plan to provide medical care for the employer's employees and

1193 dependents of the employees.

1194 (e) "Qualified health insurance coverage" means the same as that term is defined in

1195 Section 26B-3-909.

1196 (f) "Subcontractor" means the same as that term is defined in Section 63A-5b-605.

1197 (g) "Third party administrator" or "administrator" means the same as that term is defined

1198 in Section 31A-1-301.

1199 (2) Except as provided in Subsection (3), the requirements of this section apply to:

1200 (a) a contractor of a design or construction contract with the division if the prime

1201 contract is in an aggregate amount of \$2,000,000 or more; and

1202 (b) a subcontractor of a contractor of a design or construction contract with the division

1203 if the subcontract is in an aggregate amount of \$1,000,000 or more.

1204 (3) The requirements of this section do not apply to a contractor or subcontractor if:

1205 (a) the application of this section jeopardizes the division's receipt of federal funds;

1206 (b) the contract is a sole source contract, as defined in Section 63G-6a-103; or

1207 (c) the contract is the result of an emergency procurement.

1208 (4) A person who intentionally uses a change order, contract modification, or multiple

1209 contracts to circumvent the requirements of this section is guilty of an infraction.

1210 (5)(a) A contractor that is subject to the requirements of this section shall:

1211 (i) make and maintain an offer of qualified health coverage for the contractor's

1212 eligible employees and the eligible employees' dependents; and

1213 (ii) submit to the director a written statement demonstrating that the contractor is in

1214 compliance with Subsection (5)(a)(i).

1215 (b) A statement under Subsection (5)(a)(ii):

1216 (i) shall be from:

1217 (A) an actuary selected by the contractor or the contractor's insurer;

1218 (B) an underwriter who is responsible for developing the employer group's

1219 premium rates; or

1220 (C) if the contractor provides a health benefit plan described in Subsection

1221 (1)(d)(ii), an actuary or underwriter selected by a third party administrator; and
1222 (ii) may not be created more than one year before the day on which the contractor
1223 submits the statement to the director.

1224 (c)(i) A contractor that provides a health benefit plan described in Subsection
1225 (1)(d)(ii) shall provide the actuary or underwriter selected by an administrator, as
1226 described in Subsection (5)(b)(i)(C), sufficient information to determine whether
1227 the contractor's contribution to the health benefit plan and the actuarial value of
1228 the health benefit plan meet the requirements of qualified health coverage.

1229 (ii) A contractor may not make a change to the contractor's contribution to the health
1230 benefit plan, unless the contractor provides notice to:
1231 (A) the actuary or underwriter selected by an administrator, as described in
1232 Subsection (5)(b)(i)(C), for the actuary or underwriter to update the written
1233 statement described in Subsection (5)(a) in compliance with this section; and
1234 (B) the division.

1235 (6)(a) A contractor that is subject to the requirements of this section shall:
1236 (i) ensure that each contract the contractor enters with a subcontractor that is subject
1237 to the requirements of this section requires the subcontractor to obtain and
1238 maintain an offer of qualified health coverage for the subcontractor's eligible
1239 employees and the eligible employees' dependents during the duration of the
1240 subcontract; and
1241 (ii) obtain from a subcontractor referred to in Subsection (6)(a)(i) a written statement
1242 demonstrating that the subcontractor offers qualified health coverage to eligible
1243 employees and eligible employees' dependents.

1244 (b) A statement under Subsection (6)(a)(ii):
1245 (i) shall be from:
1246 (A) an actuary selected by the subcontractor or the subcontractor's insurer;
1247 (B) an underwriter who is responsible for developing the employer group's
1248 premium rates; or
1249 (C) if the subcontractor provides a health benefit plan described in Subsection
1250 (1)(d)(ii), an actuary or underwriter selected by an administrator; and
1251 (ii) may not be created more than one year before the day on which the contractor
1252 obtains the statement from the subcontractor.

1253 (7)(a)(i) A contractor that fails to maintain an offer of qualified health coverage
1254 during the duration of the contract as required in this section is subject to penalties

1255 in accordance with administrative rules made by the division under this section, in
1256 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

1257 (ii) A contractor is not subject to penalties for the failure of a subcontractor to obtain
1258 and maintain an offer of qualified health coverage as required in this section.

1259 (b)(i) A subcontractor that fails to obtain and maintain an offer of qualified health
1260 coverage during the duration of the subcontract as required in this section is
1261 subject to penalties in accordance with administrative rules made by the division
1262 under this section, in accordance with Title 63G, Chapter 3, Utah Administrative
1263 Rulemaking Act.

1264 (ii) A subcontractor is not subject to penalties for the failure of a contractor to
1265 maintain an offer of qualified health coverage as required in this section.

1266 (8) The division shall make rules:

1267 (a) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

1268 (b) in coordination with:

1269 (i) the Department of Environmental Quality in accordance with Section 19-1-206;

1270 (ii) the Department of Natural Resources in accordance with Section 79-2-404;

1271 (iii) a public transit district in accordance with Section 17B-2a-818.5;

1272 (iv) the State Capitol Preservation Board in accordance with Section 63O-2-403;

1273 (v) the Department of Transportation in accordance with Section 72-6-107.5; and

1274 (vi) the Legislature's ~~Rules Review and General Oversight~~ General Oversight
1275 Committee created under Section 36-35-102; and

1276 (c) that establish:

1277 (i) the requirements and procedures for a contractor and a subcontractor to
1278 demonstrate compliance with this section, including:

1279 (A) a provision that a contractor or subcontractor's compliance with this section is
1280 subject to an audit by the division or the Office of the Legislative Auditor
1281 General;

1282 (B) a provision that a contractor that is subject to the requirements of this section
1283 obtain a written statement as provided in Subsection (5); and

1284 (C) a provision that a subcontractor that is subject to the requirements of this
1285 section obtain a written statement as provided in Subsection (6);

1286 (ii) the penalties that may be imposed if a contractor or subcontractor intentionally
1287 violates the provisions of this section, which may include:

1288 (A) a three-month suspension of the contractor or subcontractor from entering into

a future contract with the state upon the first violation;

- (B) a six-month suspension of the contractor or subcontractor from entering into a future contract with the state upon the second violation;
- (C) an action for debarment of the contractor or subcontractor in accordance with Section 63G-6a-904 upon the third or subsequent violation; and
- (D) monetary penalties which may not exceed 50% of the amount necessary to purchase qualified health coverage for eligible employees and dependents of eligible employees of the contractor or subcontractor who were not offered qualified health coverage during the duration of the contract; and

(iii) a website for the department to post the commercially equivalent benchmark for the qualified health coverage that is provided by the Department of Health and Human Services in accordance with Subsection 26B-3-909(2).

ring the duration of a contract, the division may perform an audit to verify a contractor or subcontractor's compliance with this section.

Upon the division's request, a contractor or subcontractor shall provide the division:

- (i) a signed actuarial certification that the coverage the contractor or subcontractor offers is qualified health coverage; or
- (ii) all relevant documents and information necessary for the division to determine compliance with this section.

If a contractor or subcontractor provides the documents and information described in Subsection (10)(a)(i), the Insurance Department shall assist the division in determining if the coverage the contractor or subcontractor offers is qualified health coverage.

- (i) In addition to the penalties imposed under Subsection (7), a contractor or subcontractor that intentionally violates the provisions of this section is liable to an eligible employee for health care costs that would have been covered by qualified health coverage.
- (ii) An employer has an affirmative defense to a cause of action under Subsection (11)(a)(i) if:
 - (A) the employer relied in good faith on a written statement described in Subsection (5) or (6); or
 - (B) the department determines that compliance with this section is not required under the provisions of Subsection (3).

1323 (b) An eligible employee has a private right of action against the employee's employer
1324 only as provided in this Subsection (11).

1325 (12) The director shall cause money collected from the imposition and collection of a
1326 penalty under this section to be deposited into the Medicaid Growth Reduction and
1327 Budget Stabilization Account created by Section 63J-1-315.

1328 (13) The failure of a contractor or subcontractor to provide qualified health coverage as
1329 required by this section:

1330 (a) may not be the basis for a protest or other action from a prospective bidder, offeror,
1331 or contractor under:

1332 (i) Section 63G-6a-1602; or

1333 (ii) any other provision in Title 63G, Chapter 6a, Utah Procurement Code; and

1334 (b) may not be used by the procurement entity or a prospective bidder, offeror, or
1335 contractor as a basis for any action or suit that would suspend, disrupt, or terminate
1336 the design or construction.

1337 (14) An employer's waiting period for an employee to become eligible for qualified health
1338 coverage may not extend beyond the first day of the calendar month following 60 days
1339 after the day on which the employee is hired.

1340 (15) An administrator, including an administrator's actuary or underwriter, who provides a
1341 written statement under Subsection (5)(a) or (c) regarding the qualified health coverage
1342 of a contractor or subcontractor who provides a health benefit plan described in
1343 Subsection (1)(d)(ii):

1344 (a) subject to Subsection [(11)(b)] (11)(a), is not liable for an error in the written
1345 statement, unless the administrator commits gross negligence in preparing the written
1346 statement;

1347 (b) is not liable for any error in the written statement if the administrator relied in good
1348 faith on information from the contractor or subcontractor; and

1349 (c) may require as a condition of providing the written statement that a contractor or
1350 subcontractor hold the administrator harmless for an action arising under this section.

1351 Section 16. Section **63A-13-202** is amended to read:

1352 **63A-13-202 (Effective 05/06/26). Duties and powers of inspector general and
1353 office.**

1354 (1) The inspector general of Medicaid services shall:

1355 (a) administer, direct, and manage the office;

1356 (b) inspect and monitor the following in relation to the state Medicaid program:

1357 (i) the use and expenditure of federal and state funds;

1358 (ii) the provision of health benefits and other services;

1359 (iii) implementation of, and compliance with, state and federal requirements; and

1360 (iv) records and recordkeeping procedures;

1361 (c) receive reports of potential fraud, waste, or abuse in the state Medicaid program;

1362 (d) investigate and identify potential or actual fraud, waste, or abuse in the state

1363 Medicaid program;

1364 (e) consult with the Centers for Medicaid and Medicare Services and other states to

1365 determine and implement best practices for:

1366 (i) educating and communicating with health care professionals and providers about

1367 program and audit policies and procedures;

1368 (ii) discovering and eliminating fraud, waste, and abuse of Medicaid funds; and

1369 (iii) differentiating between honest mistakes and intentional errors, or fraud, waste,

1370 and abuse, if the office enters into settlement negotiations with the provider or

1371 health care professional;

1372 (f) obtain, develop, and utilize computer algorithms to identify fraud, waste, or abuse in

1373 the state Medicaid program;

1374 (g) work closely with the fraud unit to identify and recover improperly or fraudulently

1375 expended Medicaid funds;

1376 (h) audit, inspect, and evaluate the functioning of the division for the purpose of making

1377 recommendations to the Legislature and the department to ensure that the state

1378 Medicaid program is managed:

1379 (i) in the most efficient and cost-effective manner possible; and

1380 (ii) in a manner that promotes adequate provider and health care professional

1381 participation and the provision of appropriate health benefits and services;

1382 (i) regularly advise the department and the division of an action that could be taken to

1383 ensure that the state Medicaid program is managed in the most efficient and

1384 cost-effective manner possible;

1385 (j) refer potential criminal conduct, relating to Medicaid funds or the state Medicaid

1386 program, to the fraud unit;

1387 (k) refer potential criminal conduct, including relevant data from the controlled

1388 substance database, relating to Medicaid fraud, to law enforcement in accordance

1389 with Title 58, Chapter 37f, Controlled Substance Database Act;

1390 (l) determine ways to:

- 1391 (i) identify, prevent, and reduce fraud, waste, and abuse in the state Medicaid
1392 program; and
- 1393 (ii) balance efforts to reduce costs and avoid or minimize increased costs of the state
1394 Medicaid program with the need to encourage robust health care professional and
1395 provider participation in the state Medicaid program;
- 1396 (m) recover improperly paid Medicaid funds;
- 1397 (n) track recovery of Medicaid funds by the state;
- 1398 (o) in accordance with Section 63A-13-502:
 - 1399 (i) report on the actions and findings of the inspector general; and
 - 1400 (ii) make recommendations to the Legislature and the governor;
- 1401 (p) provide training to:
 - 1402 (i) agencies and employees on identifying potential fraud, waste, or abuse of
1403 Medicaid funds; and
 - 1404 (ii) health care professionals and providers on program and audit policies and
1405 compliance; and
- 1406 (q) develop and implement principles and standards for the fulfillment of the duties of
1407 the inspector general, based on principles and standards used by:
 - 1408 (i) the Federal Offices of Inspector General;
 - 1409 (ii) the Association of Inspectors General; and
 - 1410 (iii) the United States Government Accountability Office.

1411 (2)(a) The office may, in fulfilling the duties under Subsection (1), conduct a
1412 performance or financial audit of:

- 1413 (i) a state executive branch entity or a local government entity, including an entity
1414 described in Section 63A-13-301, that:
 - 1415 (A) manages or oversees a state Medicaid program; or
 - 1416 (B) manages or oversees the use or expenditure of state or federal Medicaid funds;
1417 or
- 1418 (ii) Medicaid funds received by a person by a grant from, or under contract with, a
1419 state executive branch entity or a local government entity.

1420 (b)(i) The office may not, in fulfilling the duties under Subsection (1), amend the
1421 state Medicaid program or change the policies and procedures of the state
1422 Medicaid program.

1423 (ii) The office shall identify conflicts between the state Medicaid plan, department
1424 administrative rules, Medicaid provider manuals, and Medicaid information

1425 bulletins and recommend that the department reconcile inconsistencies. If the
1426 department does not reconcile the inconsistencies, the office shall report the
1427 inconsistencies to the Legislature's [Rules Review and General Oversight] General
1428 Oversight Committee created in Section 36-35-102.

1429 (iii) Beginning July 1, 2013, the office shall review a Medicaid provider manual and
1430 a Medicaid information bulletin in accordance with Subsection (2)(b)(ii), prior to
1431 the department making the provider manual or Medicaid information bulletin
1432 available to the public.

1433 (c) Beginning July 1, 2013, the Department of Health and Human Services shall submit
1434 a Medicaid provider manual and a Medicaid information bulletin to the office for the
1435 review required by Subsection (2)(b)(ii) prior to releasing the document to the public.
1436 The department and the Office of Inspector General of Medicaid Services shall enter
1437 into a memorandum of understanding regarding the timing of the review process
1438 under Subsection (2)(b)(iii).

1439 (3)(a) The office shall, in fulfilling the duties under this section to investigate, discover,
1440 and recover fraud, waste, and abuse in the Medicaid program, apply the state
1441 Medicaid plan, department administrative rules, Medicaid provider manuals, and
1442 Medicaid information bulletins in effect at the time the medical services were
1443 provided.

1444 (b) A health care provider may rely on the policy interpretation included in a current
1445 Medicaid provider manual or a current Medicaid information bulletin that is available
1446 to the public.

1447 (4) The inspector general of Medicaid services, or a designee of the inspector general of
1448 Medicaid services within the office, may take a sworn statement or administer an oath.

1449 Section 17. Section **63A-13-305** is amended to read:

1450 **63A-13-305 (Effective 05/06/26). Audit and investigation procedures.**

1451 (1)(a) The office shall, in accordance with Section 63A-13-602, adopt administrative
1452 rules in consultation with providers and health care professionals subject to audit and
1453 investigation under this chapter to establish procedures for audits and investigations
1454 that are fair and consistent with the duties of the office under this chapter.

1455 (b) If the providers and health care professionals do not agree with the rules proposed or
1456 adopted by the office under Subsection (1)(a) or Section 63A-13-602, the providers
1457 or health care professionals may:

1458 (i) request a hearing for the proposed administrative rule or seek any other remedies

1459 under the provisions of Title 63G, Chapter 3, Utah Administrative Rulemaking
1460 Act; and

1461 (ii) request a review of the rule by the Legislature's [Rules Review and General
1462 Oversight] General Oversight Committee created in Section 36-35-102.

1463 (2) The office shall notify and educate providers and health care professionals subject to
1464 audit and investigation under this chapter of the providers' and health care professionals'
1465 responsibilities and rights under the administrative rules adopted by the office under the
1466 provisions of this section and Section 63A-13-602.

1467 Section 18. Section **63G-3-102** is amended to read:

1468 **63G-3-102 (Effective 05/06/26). Definitions.**

1469 As used in this chapter:

1470 (1) "Administrative record" means information an agency relies upon when making a rule
1471 under this chapter including:
1472 (a) the proposed rule, change in the proposed rule, and the rule analysis form;
1473 (b) the public comment received and recorded by the agency during the public comment
1474 period;
1475 (c) the agency's response to the public comment;
1476 (d) the agency's analysis of the public comment; and
1477 (e) the agency's report of the agency's decision-making process.

1478 (2)(a) "Agency" [includes] means:

1479 (i) [each] any state board, authority, commission, institution, department, division, or
1480 officer; or
1481 (ii) any [other state government] entity that is authorized or required by law to make
1482 rules, adjudicate, grant or withhold licenses, grant or withhold relief from legal
1483 obligations, or perform other similar actions or duties delegated by law.

1484 (b) "Agency" does not include:

1485 (i) the Legislature;
1486 (ii) the Legislature's committees;
1487 (iii) the political subdivisions of the state; or
1488 (iv) the courts.

1489 (3) "Bulletin" means the Utah State Bulletin.

1490 (4) "Catchline" means a short summary of each section, part, rule, or title of the code that
1491 follows the section, part, rule, or title reference placed before the text of the rule and
1492 serves the same function as boldface in legislation as described in Section 68-3-13.

1493 (5) "Code" means the body of all effective rules as compiled and organized by the office
1494 and entitled "Utah Administrative Code."

1495 (6) "Department" means the Department of Government Operations created in Section
1496 63A-1-104.

1497 (7) "Director" means the director of the office.

1498 (8) "Effective" means operative and enforceable.

1499 (9) "Executive director" means the executive director of the department.

1500 (10) "File" means to submit a document to the office as prescribed by the office.

1501 (11) "Filing date" means the day and time the document is recorded as received by the
1502 office.

1503 (12) "Initiate rulemaking proceedings" means the agency's filing of a proposed rule for the
1504 purposes of publication in accordance with Subsection 63G-3-301(4).

1505 [(12)] (13) "Interested person" means any person affected by or interested in a proposed
1506 rule, amendment to an existing rule, or a nonsubstantive change made under Section
1507 63G-3-402.

1508 [(13)] (14) "Office" means the Office of Administrative Rules created in Section 63G-3-401.

1509 [(14)] (15) "Order" means an agency action that determines the legal rights, duties,
1510 privileges, immunities, or other interests of one or more specific persons, but not a class
1511 of persons.

1512 [(15)] (16) "Person" means any individual, partnership, corporation, association,
1513 governmental entity, or public or private organization of any character other than an
1514 agency.

1515 [(16)] (17) "Publication" or "publish" means making a rule available to the public by
1516 including the rule or a summary of the rule in the bulletin.

1517 [(17)] (18) "Publication date" means the inscribed date of the bulletin.

1518 [(18) ~~"Register" may include an electronic database.~~]

1519 (19)(a) "Rule" means an agency's written statement that:

1520 (i) is explicitly or implicitly required by state or federal statute or other applicable
1521 law;

1522 (ii) implements or interprets a state or federal legal mandate; and

1523 (iii) applies to a class of persons or another agency.

1524 (b) "Rule" includes the amendment or repeal of an existing rule.

1525 (c) "Rule" does not mean:

1526 (i) orders;

- 1527 (ii) an agency's written statement that applies only to internal management and that
1528 does not restrict the legal rights of a public class of persons or another agency;
- 1529 (iii) the governor's executive orders or proclamations;
- 1530 (iv) opinions issued by the attorney general's office;
- 1531 (v) declaratory rulings issued by the agency according to Section 63G-4-503 except
1532 as required by Section 63G-3-201;
- 1533 (vi) rulings by an agency in adjudicative proceedings, except as required by
1534 Subsection 63G-3-201(6); or
- 1535 (vii) an agency written statement that is in violation of any state or federal law.

1536 (20) "Rule analysis" means the format prescribed by the office to summarize and analyze
1537 rules.

1538 (21) "Small business" means a business employing fewer than 50 persons.

1539 (22) "Substantial fiscal impact" means [an] the anticipated [fiscal impact] cost of a proposed
1540 rule of at least \$2,000,000 over a five-year period as calculated under Subsection
1541 63G-3-301(8)(d).

1542 (23) "Substantive change" means a change in a rule that affects the application or results of
1543 agency actions.

1544 Section 19. Section **63G-3-201** is amended to read:

63G-3-201 (Effective 05/06/26). When rulemaking is required.

- 1546 (1) Each agency shall:
 - 1547 (a) maintain a current version of [its] the agency's rules; and
 - 1548 (b) make [it] the rules available to the public for inspection during [its] the agency's
1549 regular business hours.
- 1550 (2) In addition to other rulemaking required by law, each agency shall make rules when
1551 agency action:
 - 1552 (a) authorizes, requires, or prohibits an action;
 - 1553 (b) provides or prohibits a material benefit;
 - 1554 (c) applies to a class of persons or another agency; [and] or
 - 1555 (d) is explicitly or implicitly authorized by statute.
- 1556 (3) Rulemaking is also required when an agency issues a written interpretation of a state or
1557 federal legal mandate.
- 1558 (4) Rulemaking is not required when:
 - 1559 (a) agency action applies only to internal agency management, inmates or residents of a
1560 state correctional, diagnostic, or detention facility, persons under state legal custody,

1561 patients admitted to a state hospital, members of the state retirement system, or,
1562 except as provided in Title 53H, Chapter 7, Part 3, Student Civil Liberties Protection,
1563 students enrolled in a state education institution;

1564 (b) a standardized agency manual applies only to internal fiscal or administrative details
1565 of governmental entities supervised under statute;
1566 (c) an agency issues policy or other statements that are advisory, informative, or
1567 descriptive, and do not conform to the requirements of Subsections (2) and (3); or
1568 (d) an agency makes nonsubstantive changes in a rule, except that the agency shall file
1569 all nonsubstantive changes in a rule with the office.

1570 (5)(a) A rule shall enumerate any penalty authorized by statute that may result from its
1571 violation, subject to Subsections (5)(b) and (c).
1572 (b) A violation of a rule may not be subject to the criminal penalty of a class C
1573 misdemeanor or greater offense, except as provided under Subsection (5)(c).
1574 (c) A violation of a rule may be subject to a class C misdemeanor or greater criminal
1575 penalty under Subsection (5)(a) when:
1576 (i) authorized by a specific state statute;
1577 (ii) a state law and programs under that law are established in order for the state to
1578 obtain or maintain primacy over a federal program; or
1579 (iii) state civil or criminal penalties established by state statute regarding the program
1580 are equivalent to or less than corresponding federal civil or criminal penalties.

1581 (6) Each agency shall enact rules incorporating the principles of law not already in [its] the
1582 agency's rules that are established by final adjudicative decisions within 120 days after
1583 the decision is announced in [its] the agency's cases.

1584 (7)(a) Each agency may enact a rule that incorporates by reference:
1585 (i) all or any part of another code, rule, or regulation that has been adopted by a
1586 federal agency, an agency or political subdivision of this state, an agency of
1587 another state, or by a nationally recognized organization or association;
1588 (ii) state agency implementation plans mandated by the federal government for
1589 participation in the federal program;
1590 (iii) lists, tables, illustrations, or similar materials that are subject to frequent change,
1591 fully described in the rule, and are available for public inspection; or
1592 (iv) lists, tables, illustrations, or similar materials that the director determines are too
1593 expensive to reproduce in the administrative code.
1594 (b) Rules incorporating materials by reference shall:

1595 (i) be enacted according to the procedures outlined in this chapter;
1596 (ii) state that the referenced material is incorporated by reference;
1597 (iii) state the date, issue, or version of the material being incorporated; and
1598 (iv) define specifically what material is incorporated by reference and identify any
1599 agency deviations from it.

1600 (c) The agency shall identify any substantive changes in the material incorporated by
1601 reference by following the rulemaking procedures of this chapter.

1602 (d) The agency shall maintain a complete and current copy of the referenced material
1603 available for public review at the agency and at the office.

1604 (8)(a) This chapter is not intended to inhibit the exercise of agency discretion within the
1605 limits prescribed by statute or agency rule.
1606 (b) An agency may enact a rule creating a justified exception to a rule.

1607 (9) An agency may obtain assistance from the attorney general to ensure that its rules meet
1608 legal and constitutional requirements.

1609 Section 20. Section **63G-3-301** is amended to read:

1610 **63G-3-301 (Effective 05/06/26). Rulemaking procedure.**

1611 (1) An agency authorized to make rules is also authorized to amend or repeal those rules.

1612 (2) Except as provided in Sections 63G-3-303 and 63G-3-304, when making, amending, or
1613 repealing a rule, agencies shall comply with:
1614 (a) the requirements of this section;
1615 (b) consistent procedures required by other statutes;
1616 (c) applicable federal mandates; and
1617 (d) rules made by the office to implement this chapter.

1618 (3) Subject to the requirements of this chapter, each agency shall develop and use flexible
1619 approaches in drafting rules that meet the needs of the agency and that involve persons
1620 affected by the agency's rules.

1621 (4)(a) Each agency shall file the agency's proposed rule and rule analysis with the office.
1622 (b) Rule amendments shall be marked with new language underlined and deleted
1623 language struck out.
1624 (c)(i) The office shall publish the information required under Subsection (8) on the
1625 rule analysis and the text of the proposed rule in the next issue of the bulletin.
1626 (ii) For rule amendments, only the section or subsection of the rule being amended
1627 need be printed.
1628 (iii) If the director determines that the rule is too long to publish, the office shall

1629 publish the rule analysis and shall publish the rule by reference to a copy on file
1630 with the office.]

1631 (5) Before filing a rule with the office, the agency shall conduct a thorough analysis,
1632 consistent with the criteria established by the Governor's Office of Planning and Budget,
1633 of the fiscal impact a rule may have on businesses, which criteria may include:
1634 (a) the type of industries that will be impacted by the rule, and for each identified
1635 industry, an estimate of the total number of businesses within the industry, and an
1636 estimate of the number of those businesses that are small businesses;
1637 (b) the individual fiscal impact that would incur to a single business for a one-year
1638 period;
1639 (c) the aggregated total fiscal impact that would incur to all businesses within the state
1640 for a one-year period;
1641 (d) the total cost that would incur to all impacted entities over a five-year period; and
1642 (e) the department head's comments on the analysis.
1643 (6) If the agency reasonably expects that a proposed rule will have a measurable negative
1644 fiscal impact on small businesses, the agency shall consider, as allowed by federal law,
1645 each of the following methods of reducing the impact of the rule on small businesses:
1646 (a) establishing less stringent compliance or reporting requirements for small businesses;
1647 (b) establishing less stringent schedules or deadlines for compliance or reporting
1648 requirements for small businesses;
1649 (c) consolidating or simplifying compliance or reporting requirements for small
1650 businesses;
1651 (d) establishing performance standards for small businesses to replace design or
1652 operational standards required in the proposed rule; and
1653 (e) exempting small businesses from all or any part of the requirements contained in the
1654 proposed rule.
1655 (7) If during the public comment period an agency receives comment that the proposed rule
1656 will cost small business more than one day's annual average gross receipts, and the
1657 agency had not previously performed the analysis in Subsection (6), the agency shall
1658 perform the analysis described in Subsection (6).
1659 (8) The rule analysis shall contain:
1660 (a) a summary of the rule or change;
1661 (b) the purpose of the rule or reason for the change;
1662 (c) the statutory authority or federal requirement for the rule;

1663 (d) the anticipated cost or savings to:

1664 (i) the state budget;

1665 (ii) local governments;

1666 (iii) small businesses; and

1667 (iv) persons other than small businesses, businesses, or local governmental entities;

1668 (e) the compliance cost for affected persons;

1669 (f) how interested persons may review the full text of the rule;

1670 (g) how interested persons may present their views on the rule;

1671 (h) the time and place of any scheduled public hearing;

1672 (i) the name, email, and telephone number of an agency employee who may be
1673 contacted about the rule;

1674 (j) the name of the agency head or designee who authorized the rule;

1675 (k) the date on which the rule may become effective following the public comment
1676 period;

1677 (l) the agency's analysis on the fiscal impact of the rule as required under Subsection (5);

1678 (m) any additional comments the department head may choose to submit regarding the
1679 fiscal impact the rule may have on businesses; and

1680 (n) if applicable, a summary of the agency's efforts to comply with the requirements of
1681 Subsection (6).

1682 (9)(a) For a rule being repealed and reenacted, the rule analysis shall contain a summary
1683 that generally includes the following:

1684 (i) a summary of substantive provisions in the repealed rule which are eliminated
1685 from the enacted rule; and

1686 (ii) a summary of new substantive provisions appearing only in the enacted rule.

1687 (b) The summary required under this Subsection (9) is to aid in review and may not be
1688 used to contest any rule on the ground of noncompliance with the procedural
1689 requirements of this chapter.

1690 (10) An agency shall [mail] provide a copy of the rule analysis to a person that makes a
1691 timely request of the agency for advance notice of the agency's rulemaking proceedings
1692 and to any other person that, by statutory or federal mandate or in the judgment of the
1693 agency, should also receive notice.

1694 (11)(a) Following the publication date, the agency shall allow at least 30 days for public
1695 comment on the rule.

1696 (b) The agency shall review and evaluate all public comments submitted in writing

1697 within the time period under Subsection (11)(a) or presented at public hearings
1698 conducted by the agency within the time period under Subsection (11)(a).

1699 (12)(a) Except as provided in [Seetions] Section 63G-3-303, Section 63G-3-304, and
1700 Section 63G-3-304.1, a proposed rule becomes effective on any date specified by the
1701 agency that is:

1702 (i) no fewer than seven calendar days after the day on which the public comment
1703 period closes under Subsection (11); and

1704 (ii) no more than 120 days after the day on which the rule is published.

1705 (b) The agency shall provide notice of the rule's effective date to the office in the form
1706 required by the office.

1707 (c) The notice of effective date may not provide for an effective date; before the day on
1708 which the office receives the notice.

1709 (d) The office shall publish notice of the effective date of the rule in the next issue of the
1710 bulletin.

1711 (e) A proposed rule lapses if a notice of effective date or a change to a proposed rule is
1712 not filed with the office within 120 days after the day on which the rule is published.

1713 (13)(a)(i) Before an agency [enacts] makes a rule effective, the agency shall submit to
1714 the appropriations subcommittee and interim committee with jurisdiction over the
1715 agency the agency's proposed rule for review, if the proposed rule, over a
1716 five-year period, has [a fiscal impaet] an anticipated cost, as calculated in
1717 Subsection (8)(d), of more than \$1,000,000 statewide.

1718 (ii) A proposed rule that is subject to Subsection (13)(e) is exempt from Subsection
1719 (13)(a)(i).

1720 (b) An appropriations subcommittee or interim committee that reviews a rule an agency
1721 submits under Subsection (13)(a) shall:

1722 (i) before the review, directly inform the chairs of the [Rules Review and General
1723 Oversight] General Oversight Committee of the coming review, including the
1724 date, time, and place of the review; and

1725 (ii) after the review, directly inform the chairs of the [Rules Review and General
1726 Oversight] General Oversight Committee of the outcome of the review, including
1727 any recommendation.

1728 (c) An appropriations subcommittee or interim committee that reviews a rule an agency
1729 submits under Subsection (13)(a) may recommend to the [Rules Review and General
1730 Oversight] General Oversight Committee that the [Rules Review and General

1731 ~~Oversight~~ General Oversight Committee not recommend reauthorization of the rule
1732 in the legislation described in Section 63G-3-502.

1733 ~~[(d) The agency shall calculate the substantial fiseal impact in accordance with~~
1734 ~~Subsektion (5).]~~

1735 ~~[(e)] (d) Unless an agency cannot implement a statute or execute a federally delegated~~
1736 ~~authority without making a rule that is estimated to have substantial fiscal impact, the~~
1737 ~~agency may not [make] file the rule.~~

1738 ~~[(f)] (e) The requirements described in Subsections (13)(a) and (13)(b) do not apply to:~~
1739 (i) the State Tax Commission; or
1740 (ii) the State Board of Education.

1741 ~~(14)[(a) As used in this Subsektion (14), "initiate rulemaking proceeedings" means the~~
1742 ~~filing, for the purposes of publication in accordance with Subsektion (4), of an~~
1743 ~~agency's proposed rule that is required by state statute.]~~

1744 ~~[(b)] (a) [A state] An agency shall initiate rulemaking proceedings no later than 180 days~~
1745 ~~after the day on which the statutory provision that specifically requires the~~
1746 ~~rulemaking takes effect, except under Subsection [(14)(e)] (14)(b).~~

1747 ~~[(e)] (b) When a statute is enacted that requires agency rulemaking and the affected~~
1748 ~~agency already has rules in place that meet the statutory requirement, the agency~~
1749 ~~shall submit the rules to the [Rules Review and General Oversight] General~~
1750 ~~Oversight Committee for review within 60 days after the day on which the statute~~
1751 ~~requiring the rulemaking takes effect.~~

1752 ~~[(d)] (c) If [a state] an agency does not initiate rulemaking proceedings in accordance~~
1753 ~~with the time requirements in Subsection [(14)(b)] (14)(a), the [state]agency shall~~
1754 ~~appear before the legislative [Rules Review and General Oversight] General~~
1755 ~~Oversight Committee and provide the reasons for the delay.~~

1756 Section 21. Section **63G-3-302** is amended to read:

1757 **63G-3-302 (Effective 05/06/26). Public hearings.**

1758 (1) ~~[An] Subject to Subsection (2), an agency may hold a public hearing on a proposed rule,~~
1759 ~~amendment to a rule, or repeal of a rule during the public comment period.~~

1760 (2) Except as provided in Subsection (4), an agency shall hold a public hearing on a
1761 proposed rule, amendment to a rule, or repeal of a rule if:

1762 (a) a public hearing is required by state or federal mandate; or

1763 (b)(i) another state agency, 10 interested persons, or an interested association having
1764 not fewer than 10 members request a public hearing; and

- (ii) the agency receives the request in writing not more than 15 days after the publication date of the proposed rule.

(3) The agency shall hold the hearing:

- (a) except for a rule made in accordance with Section 63G-3-304, before the rule becomes effective; and
- (b) no less than seven days nor more than 30 days after receipt of the request for hearing.

(4) The Wildlife Board is not required to hold a public hearing on a proposed rule, amendment to a rule, or repeal of a rule unless required to hold a public hearing under Title 23A, Chapter 2, Part 3, Wildlife Board and Regional Councils.

Section 22. Section **63G-3-303** is amended to read:

63G-3-303 (Effective 05/06/26). Changes in rules.

(1)(a) To change a proposed rule already published in the bulletin, an agency shall file with the office:

- (i) the text of the changed rule; and
- (ii) a rule analysis containing a description of the change and the information required by Section 63G-3-301.

(b) A change to a proposed rule may not be filed more than 120 days after publication of the rule being changed.

(c) The office shall publish the rule analysis for the changed rule in the bulletin.

(d) The changed proposed rule and its associated proposed rule will become effective on a date specified by the agency, not less than 30 days or more than 120 days after publication of the last change in proposed rule.

(e) A changed proposed rule and its associated proposed rule lapse if a notice of effective date or another change to a proposed rule is not filed with the office within 120 days of publication of the last change in proposed rule.

(f) The agency making the change to the proposed rule shall receive public comment on the change in accordance with Subsection 63G-3-301(11) after the change to the proposed rule is published under Subsection (1)(c).

(2) If the rule change is nonsubstantive:

- (a) the agency need not comply with the requirements of Subsection (1); and
- (b) the agency shall notify the office of the change in writing.

(3) If the rule is effective, the agency shall amend the rule according to the procedures specified in Section 63G-3-301.

Section 23. Section **63G-3-304** is amended to read:

1799 **63G-3-304 (Effective 05/06/26). Emergency rulemaking procedure.**

1800 (1) All agencies shall comply with the rulemaking procedures of Section 63G-3-301 unless
1801 an agency finds that these procedures would:
1802 (a) cause an imminent peril to the public health, safety, or welfare;
1803 (b) cause an imminent budget reduction because of budget restraints or federal
1804 requirements; or
1805 (c) place the agency in violation of federal or state law.
1806 (2)(a) When finding that [its] the agency's rule is excepted from regular rulemaking
1807 procedures by this section, the agency shall file with the office[~~and the members of~~
1808 ~~the Rules Review and General Oversight Committee~~]:
1809 (i) the text of the rule; and
1810 (ii) a rule analysis that includes the specific reasons and justifications for [its] the
1811 agency's findings.
1812 (b) An agency that files an emergency rule with the office under Subsection (2)(a) shall
1813 provide the information described in Subsection (2)(a) to the members of the General
1814 Oversight Committee when the agency files the rule with the office.
1815 [~~(b)~~] (c) The office shall publish the rule in the bulletin as provided in Subsection
1816 63G-3-301(4).
1817 [~~(e)~~] (d) The agency shall notify interested persons as provided in Subsection
1818 63G-3-301(10).
1819 [~~(d)~~] (e) Subject to Subsection 63G-3-502(4), the rule becomes effective for a period not
1820 exceeding 120 days on the date of filing or any later date designated in the rule
1821 analysis.
1822 (3) If the agency intends the rule to be effective beyond 120 days, the agency shall also
1823 comply with the procedures of Section 63G-3-301.

1824 Section 24. Section **63G-3-304.1** is amended to read:

1825 **63G-3-304.1 (Effective 05/06/26). Delaying the effective date of a proposed rule.**

1826 (1) Upon a majority vote of the members of the committee, the [Rules Review and General
1827 Oversight] General Oversight Committee may delay the effective date of a proposed rule [
1828 promulgated by the State Board of Education to a date determined by the committee] for
1829 up to 60 days.
1830 (2) The [Rules Review and General Oversight] General Oversight Committee:
1831 (a) may choose to delay the effective date of an entire proposed rule, a single section, or
1832 any complete paragraph of a rule; and

1833 (b) [may not delay the effective day beyond May 15 of the calendar year after the day
1834 the vote is taken.] upon a majority vote of the members of the committee, may
1835 remove the delay of effective date described in Subsection (1).

1836 [(3)(a) Upon a majority vote of the members of the committee, the Rules Review and
1837 General Oversight Committee may remove the delay of effective date described in
1838 Subseetion (1).]

1839 [(b) A rule or section or paragraph of a rule that has had the delay of effective date
1840 removed under Subseetion (3)(a) goes into effect on a day designated by the State
1841 Board of Educuation.]

1842 [(4)] (3) The [Rules Review and General Oversight] General Oversight Committee shall
1843 notify the [State Board of Educuation] affected agency and the office of:

1844 (a) [the delay of the effective date.] the decision to delay the effective date under
1845 Subsection (1); and

1846 (b) the decision to remove the delay of effective date as described in Subsection (2)(b).

1847 (4) When an agency receives notice described in Subsection (3)(a), the agency shall select
1848 an effective date that complies with the delay of effective date.

1849 (5) A [State Board of Education]proposed rule's effective date may not be delayed if:

1850 (a) the rule is explicitly mandated by a federal law or regulation;

1851 (b) a provision of Utah's constitution vests the [State Board of Educuation] agency with
1852 specific constitutional authority to promulgate the rule; or

1853 (c) the rule is an emergency rule filed under Section 63G-3-304.

1854 (6) The office shall make rules in accordance with this chapter to determine how to
1855 bifurcate a rule that has had a section or paragraph's effective date delayed under this
1856 section.

1857 (7) Notwithstanding any other provision of this chapter, the 120-day timeframe for when a
1858 proposed rule lapses is paused for any provision subject to a delay of effective date
1859 under this section until the delay of the effective date expires or is removed.

1860 Section 25. Section **63G-3-305** is amended to read:

1861 **63G-3-305 (Effective 05/06/26). Agency review of rules -- Schedule of filings --**
1862 **Limited exemption for certain rules.**

1863 (1) Each agency shall review each of its rules within five years after the rule's original
1864 effective date or within five years after the filing of the last five-year review, whichever
1865 is later.

1866 (2) An agency may consider any substantial review of a rule to be a five-year review if the

1867 agency also meets the requirements described in Subsection (3).

1868 (3) At the conclusion of its review, and no later than the deadline described in Subsection
1869 (1), the agency shall decide whether to continue, repeal, or amend and continue the rule
1870 and comply with Subsections (3)(a) through (c), as applicable.

1871 (a) If the agency continues the rule, the agency shall file with the office a five-year
1872 notice of review and statement of continuation that includes:

- 1873 (i) a concise explanation of the particular statutory provisions under which the rule is
1874 enacted and how these provisions authorize or require the rule;
- 1875 (ii) a summary of written comments received during and since the last five-year
1876 review of the rule from interested persons supporting or opposing the rule; and
- 1877 (iii) a reasoned justification for continuation of the rule, including reasons why the
1878 agency disagrees with comments in opposition to the rule, if any.

1879 (b) If the agency repeals the rule, the agency shall:

- 1880 (i) comply with Section 63G-3-301; and
- 1881 (ii) in the rule analysis described in Section 63G-3-301, state that the repeal is the
1882 result of the agency's five-year review under this section.

1883 (c) If the agency amends and continues the rule, the agency shall comply with the
1884 requirements described in Section 63G-3-301 and file with the office the five-year
1885 notice of review and statement of continuation required in Subsection (3)(a).

1886 (4) The office shall publish a five-year notice of review and statement of continuation in the
1887 bulletin[no later than one year after the deadline described in Subsection (1)].

1888 (5)(a) The office shall make a reasonable effort to notify an agency that a rule is due for
1889 review at least 180 days before the deadline described in Subsection (1).

1890 (b) The office's failure to comply with the requirement described in Subsection (5)(a)
1891 does not exempt an agency from complying with any provision of this section.

1892 (6) If an agency finds that it will not meet the deadline established in Subsection (1):

1893 (a) before the deadline described in Subsection (1), the agency may file one extension
1894 with the office indicating the reason for the extension; and

1895 (b) the office shall publish notice of the extension in the bulletin in accordance with the
1896 office's publication schedule established by rule under Section 63G-3-402.

1897 (7) An extension permits the agency to comply with the requirements described in
1898 Subsections (1) and (3) up to 120 days after the deadline described in Subsection (1).

1899 (8)(a) If an agency does not comply with the requirements described in Subsection (3),
1900 and does not file an extension under Subsection (6), the rule expires automatically on

1901 the day immediately after the date of the missed deadline.

1902 (b) If an agency files an extension under Subsection (6) and does not comply with the
1903 requirements described in Subsection (3) within 120 days after the day on which the
1904 deadline described in Subsection (1) expires, the rule expires automatically on the
1905 day immediately after the date of the missed deadline.

1906 (9) After a rule expires under Subsection (8), the office shall:

1907 (a) publish a notice in the next issue of the bulletin that the rule has expired and is no
1908 longer enforceable;
1909 (b) remove the rule from the code; and
1910 (c) notify the agency that the rule has expired.

1911 (10) After a rule expires, an agency must comply with the requirements of Section
1912 63G-3-301 to reenact the rule.

1913 Section 26. Section **63G-3-401** is amended to read:

1914 **63G-3-401 (Effective 05/06/26). Office of Administrative Rules created --**

1915 **Director.**

1916 (1) There is created within the ~~Department of Government Operations~~ department the
1917 Office of Administrative Rules, to be administered by a director.

1918 (2)(a) The executive director shall appoint the director.

1919 (b) The director shall hire, train, and supervise staff necessary for the office to carry out
1920 the provisions of this chapter.

1921 Section 27. Section **63G-3-402** is amended to read:

1922 **63G-3-402 (Effective 05/06/26). Office of Administrative Rules -- Duties**

1923 **generally.**

1924 (1) The office shall:

1925 (a) record in ~~[a]~~ an electronic register the receipt of all agency rules, rule analysis forms,
1926 and notices of effective dates;

1927 (b) make the register, copies of all proposed rules, and rulemaking documents available
1928 for public inspection;

1929 (c) publish all proposed rules, rule analyses, notices of effective dates, and review
1930 notices in the bulletin at least monthly~~[, except that the office may publish the~~
1931 ~~complete text of any proposed rule that the director determines is too long to print or~~
1932 ~~too expensive to publish by reference to the text maintained by the office]~~;

1933 (d) compile, format, number, and index all effective rules in an administrative code, and
1934 periodically publish that code and supplements or revisions to it;

- 1935 (e) publish a digest of all rules and notices contained in the most recent bulletin;
- 1936 (f) publish at least annually an index of all changes to the administrative code and the
- 1937 effective date of each change;
- 1938 (g) ~~print, or contract to print,]~~ publish all rulemaking publications the director
- 1939 determines necessary to implement this chapter;
- 1940 (h) distribute without charge the bulletin and administrative code to state-designated
- 1941 repositories, the ~~Rules Review and General Oversight~~ General Oversight
- 1942 Committee, the Office of Legislative Research and General Counsel, and the two
- 1943 houses of the Legislature;
- 1944 (i) distribute without charge the digest and index to state legislators, agencies, political
- 1945 subdivisions on request, and the Office of Legislative Research and General Counsel;
- 1946 ~~[(j) distribute, at prices covering publication costs, all paper rulemaking publications to~~
- 1947 ~~all other requesting persons and agencies;]~~
- 1948 ~~[(k)]~~ (j) provide agencies assistance in rulemaking;
- 1949 ~~[(l)]~~ (k) if the department operates the office as an internal service fund agency in
- 1950 accordance with Section 63A-1-109.5, submit to the Rate Committee established in
- 1951 Section 63A-1-114:
 - 1952 (i) the proposed rate and fee schedule as required by Section 63A-1-114; and
 - 1953 (ii) other information or analysis requested by the Rate Committee;
- 1954 ~~[(m)]~~ (l) administer this chapter and require state agencies to comply with filing,
- 1955 publication, and hearing procedures; and
- 1956 ~~[(n)]~~ (m) make technological improvements to the rulemaking process, including
- 1957 improvements to automation and digital accessibility.

1958 (2) The office shall establish by rule in accordance with Title 63G, Chapter 3, Utah

1959 Administrative Rulemaking Act, all filing, publication, and hearing procedures

1960 necessary to make rules under this chapter.

1961 (3) The office may after notifying the agency make nonsubstantive changes to rules filed

1962 with the office or published in the bulletin or code by:

1963 (a) implementing a uniform system of formatting, punctuation, capitalization,

1964 organization, numbering, and wording;

1965 (b) correcting obvious errors and inconsistencies in punctuation, capitalization,

1966 numbering, referencing, and wording;

1967 (c) changing a catchline to more accurately reflect the substance of each section, part,

1968 rule, or title;

1969 (d) updating or correcting annotations associated with a section, part, rule, or title; and
1970 (e) merging or determining priority of any amendment, enactment, or repeal to the same
1971 rule or section made effective by an agency.

1972 (4) In addition, the office may make the following nonsubstantive changes with the
1973 concurrence of the agency:

1974 (a) eliminate duplication within rules;
1975 (b) eliminate obsolete and redundant words; and
1976 (c) correct defective or inconsistent section and paragraph structure in arrangement of
1977 the subject matter of rules.

1978 (5)(a) For nonsubstantive changes made in accordance with Subsection (3) or (4) after
1979 publication of the rule in the bulletin, the office shall publish a list of nonsubstantive
1980 changes in the bulletin.

1981 (b) For each nonsubstantive change, the list shall include:

1982 [(a) (i) the affected code citation;
1983 [(b) (ii) a brief description of the change; and
1984 [(c) (iii) the date the change was made.

1985 (6) All funds appropriated or collected for publishing the office's publications shall be
1986 nonlapsing.

1987 Section 28. Section **63G-3-403** is amended to read:

1988 **63G-3-403 (Effective 05/06/26). Repeal and reenactment of Utah Administrative
1989 Code.**

1990 (1) When the director determines that the Utah Administrative Code requires extensive
1991 revision and reorganization, the office may repeal the code and reenact a new code
1992 according to the requirements of this section.

1993 (2) The office may:

1994 (a) reorganize, reformat, and renumber the code;
1995 (b) require each agency to review its rules and make any organizational or substantive
1996 changes according to the requirements of Section 63G-3-303; and
1997 (c) require each agency to prepare a brief summary of all substantive changes made by
1998 the agency.

1999 (3) The office may make nonsubstantive changes in the code by:

2000 (a) adopting a uniform system of punctuation, capitalization, numbering, and wording;
2001 (b) eliminating duplication;
2002 (c) correcting defective or inconsistent section and paragraph structure in arrangement of

- the subject matter of rules;
- (d) eliminating all obsolete or redundant words;
- (e) correcting obvious errors and inconsistencies in punctuation, capitalization, numbering, referencing, and wording;
- (f) changing a catchline to more accurately reflect the substance of each section, part, rule, or title;
- (g) updating or correcting annotations associated with a section, part, rule, or title; and
- (h) merging or determining priority of any amendment, enactment, or repeal to the same rule or section made effective by an agency.

(4)(a) To inform the public about the proposed code reenactment, the office shall publish in the bulletin:

- (i) notice of the code reenactment;
- (ii) the date, time, and place of a public hearing where members of the public may comment on the proposed reenactment of the code;
- (iii) locations where the proposed reenactment of the code may be reviewed; and
- (iv) agency summaries of substantive changes in the reenacted code.

(b) To inform the public about substantive changes in agency rules contained in the proposed reenactment, each agency shall:

- (i) make the text of their reenacted rules available:
 - (A) for public review during regular business hours; and
 - (B) in an electronic version; and
- (ii) comply with the requirements of Subsection 63G-3-301(10).

(5) The office shall hold a public hearing on the proposed code reenactment no fewer than 30 days nor more than 45 days after the publication required by Subsection (4)(a).

(6) The office shall distribute complete text of the proposed code reenactment without charge to:

- (a) state-designated repositories in Utah;
- (b) the ~~Rules Review and General Oversight~~ General Oversight Committee; and
- (c) the Office of Legislative Research and General Counsel.

(7) The former code is repealed and the reenacted code is effective at noon on a date designated by the office that is not fewer than 45 days nor more than 90 days after the publication date required by this section.

(8) Repeal and reenactment of the code meets the requirements of Section 63G-3-305 for a review of all agency rules.

2037 Section 29. Section **63G-3-502** is amended to read:

2038 **63G-3-502 (Effective 05/06/26). Legislative reauthorization of agency rules --**

2039 **Extension of rules by governor.**

2040 (1) All grants of rulemaking power from the Legislature to [a state] an agency in any statute
2041 are made subject to the provisions of this section.

2042 (2)(a) Except as provided in Subsection (2)(b), every agency rule that is in effect on
2043 February 28 of any calendar year expires on May 1 of that year unless it has been
2044 reauthorized by the Legislature.

2045 (b) Notwithstanding the provisions of Subsection (2)(a), an agency's rules do not expire
2046 if:

2047 (i) the rule is explicitly mandated by a federal law or regulation; or
2048 (ii) a provision of Utah's constitution vests the agency with specific constitutional
2049 authority to regulate.

2050 (3)(a) The ~~Rules Review and General Oversight~~ General Oversight Committee shall
2051 have legislation prepared for the Legislature to consider the reauthorization of rules
2052 during its annual general session.

2053 (b) The legislation shall be substantially in the following form: "All rules of Utah state
2054 agencies are reauthorized except for the following:".

2055 (c) Before sending the legislation to the governor for the governor's action, the ~~Rules~~
2056 ~~Review and General Oversight~~ General Oversight Committee may send a letter to
2057 the governor and to the agency explaining specifically why the committee believes a
2058 rule should not be reauthorized.

2059 (d) For the purpose of this section, the entire rule, a single section, or any complete
2060 paragraph of a rule may be excepted for reauthorization in the legislation considered
2061 by the Legislature.

2062 (4) The ~~Rules Review and General Oversight~~ General Oversight Committee may have
2063 legislation prepared for consideration by the Legislature in the annual general session or
2064 a special session regarding any rule made according to emergency rulemaking
2065 procedures described in Section 63G-3-304.

2066 (5) The Legislature's reauthorization of a rule by legislation:

2067 (a) does not constitute legislative approval of the rule[, nor is it admissible in any
2068 proceeding as] ; and

2069 (b) is not evidence of legislative intent.

2070 (6)(a) If an agency believes that a rule that has not been reauthorized by the Legislature

2071 or that will be allowed to expire should continue in full force and effect and is a rule
2072 within their authorized rulemaking power, the agency may seek the governor's
2073 declaration extending the rule beyond the expiration date.

2074 (b) In seeking the extension, the agency shall submit a petition to the governor that
2075 affirmatively states:
2076 (i) that the rule is necessary; and
2077 (ii) a citation to the source of its authority to make the rule.
2078 (c)(i) If the governor finds that the necessity does exist, and that the agency has the
2079 authority to make the rule, the governor may declare the rule to be extended by
2080 publishing that declaration in the Administrative Rules Bulletin on or before April
2081 15 of that year.
2082 (ii) The declaration shall set forth the rule to be extended, the reasons the extension is
2083 necessary, and a citation to the source of the agency's authority to make the rule.
2084 (d) If the legislation required by Subsection (3) fails to pass both houses of the
2085 Legislature or is found to have a technical legal defect preventing reauthorization of
2086 administrative rules intended to be reauthorized by the Legislature, the governor may
2087 declare all rules to be extended by publishing a single declaration in the
2088 Administrative Rules Bulletin on or before June 15 without meeting requirements of
2089 Subsections (6)(b) and (c).

2090 Section 30. Section **63G-3-503** is amended to read:

2091 **63G-3-503 (Effective 05/06/26). Agency rules oversight.**

2092 Oversight of the rulemaking process is conducted by the ~~Rules Review and General~~
-2093 ~~Oversight~~ General Oversight Committee created in Section 36-35-102.

2094 Section 31. Section **63G-3-601** is amended to read:

2095 **63G-3-601 (Effective 05/06/26). Interested parties -- Petition for agency action.**

2096 ~~[{1} As used in this section, "initiate rulemaking proceedings" means the filing, for the~~
2097 ~~purposes of publication in accordance with Subsection 63G-3-301(4), of an agency's~~
2098 ~~proposed rule to implement a petition for the making, amendment, or repeal of a rule as~~
2099 ~~provided in this section.]~~

2100 ~~[{2}] (1) An interested person may petition an agency to request the making, amendment, or~~
2101 ~~repeal of a rule.~~

2102 ~~[{3}] (2) The office shall prescribe by rule the form for petitions and the procedure for their~~
2103 ~~submission, consideration, and disposition.~~

2104 ~~[{4}] (3) A statement shall accompany the proposed rule, or proposed amendment or repeal~~

2105 of a rule, demonstrating that the proposed action is within the jurisdiction of the agency
2106 and appropriate to the powers of the agency.

2107 [(5)] (4) Within 60 days after submission of a petition, the agency shall[either] :

2108 (a) deny the petition in writing, stating [its] reasons for the denial[;] ; or

2109 (b) initiate rulemaking proceedings to implement the petition.

2110 [(6)] (5)(a) If the petition is submitted to a board that has been granted rulemaking
2111 authority by the Legislature, the board shall, within 45 days of the submission of the
2112 petition, place the petition on its agenda for review.

2113 (b) Within 80 days of the submission of the petition, the board shall either:

2114 (i) deny the petition in writing stating its reasons for denial; or

2115 (ii) initiate rulemaking proceedings to implement the petition.

2116 [(7)] (6) If the agency or board has not provided the petitioner written notice that the agency
2117 has denied the petition or initiated rulemaking proceedings to implement the petition
2118 within the time limitations specified in Subsection [(5)] (4) or [(6)] (5) respectively, the
2119 petitioner may seek a writ of mandamus in state district court.

2120 Section 32. Section **63O-2-403** is amended to read:

2121 **63O-2-403 (Effective 05/06/26). Contracting power of executive director --**

2122 **Health insurance coverage.**

2123 (1) As used in this section:

2124 (a) "Aggregate" means the sum of all contracts, change orders, and modifications related
2125 to a single project.

2126 (b) "Change order" means the same as that term is defined in Section 63G-6a-103.

2127 (c) "Employee" means, as defined in Section 34A-2-104, an "employee," "worker," or
2128 "operative" who:

2129 (i) works at least 30 hours per calendar week; and

2130 (ii) meets employer eligibility waiting requirements for health care insurance, which
2131 may not exceed the first of the calendar month following 60 days after the day on
2132 which the individual is hired.

2133 (d) "Health benefit plan" means:

2134 (i) the same as that term is defined in Section 31A-1-301; or

2135 (ii) an employee welfare benefit plan:

2136 (A) established under the Employee Retirement Income Security Act of 1974, 29
2137 U.S.C. Sec. 1001 et seq.;

2138 (B) for an employer with 100 or more employees; and

2139 (C) in which the employer establishes a self-funded or partially self-funded group
2140 health plan to provide medical care for the employer's employees and
2141 dependents of the employees.

2142 (e) "Qualified health coverage" means the same as that term is defined in Section
2143 26B-3-909.

2144 (f) "Subcontractor" means the same as that term is defined in Section 63A-5b-605.

2145 (g) "Third party administrator" or "administrator" means the same as that term is defined
2146 in Section 31A-1-301.

2147 (2) Except as provided in Subsection (3), the requirements of this section apply to:

2148 (a) a contractor of a design or construction contract entered into by the board, or on
2149 behalf of the board, on or after July 1, 2009, if the prime contract is in an aggregate
2150 amount equal to or greater than \$2,000,000; and

2151 (b) a subcontractor of a contractor of a design or construction contract entered into by
2152 the board, or on behalf of the board, on or after July 1, 2009, if the subcontract is in
2153 an aggregate amount equal to or greater than \$1,000,000.

2154 (3) The requirements of this section do not apply to a contractor or subcontractor described
2155 in Subsection (2) if:

2156 (a) the application of this section jeopardizes the receipt of federal funds;

2157 (b) the contract is a sole source contract; or

2158 (c) the contract is an emergency procurement.

2159 (4) A person that intentionally uses change orders, contract modifications, or multiple
2160 contracts to circumvent the requirements of this section is guilty of an infraction.

2161 (5)(a) A contractor subject to the requirements of this section shall demonstrate to the
2162 executive director that the contractor has and will maintain an offer of qualified
2163 health coverage for the contractor's employees and the employees' dependents during
2164 the duration of the contract by submitting to the executive director a written
2165 statement that:

2166 (i) the contractor offers qualified health coverage that complies with Section
2167 26B-3-909;

2168 (ii) is from:

2169 (A) an actuary selected by the contractor or the contractor's insurer;

2170 (B) an underwriter who is responsible for developing the employer group's
2171 premium rates; or

2172 (C) if the contractor provides a health benefit plan described in Subsection

2173 (1)(d)(ii), an actuary or underwriter selected by a third party administrator; and
2174 (iii) was created within one year before the day on which the statement is submitted.

2175 (b)(i) A contractor that provides a health benefit plan described in Subsection
2176 (1)(d)(ii) shall provide the actuary or underwriter selected by the administrator, as
2177 described in Subsection (5)(a)(ii)(C), sufficient information to determine whether
2178 the contractor's contribution to the health benefit plan and the health benefit plan's
2179 actuarial value meets the requirements of qualified health coverage.

2180 (ii) A contractor may not make a change to the contractor's contribution to the health
2181 benefit plan, unless the contractor provides notice to:
2182 (A) the actuary or underwriter selected by the administrator, as described in
2183 Subsection (5)(a)(ii)(C), for the actuary or underwriter to update the written
2184 statement described in Subsection (5)(a) in compliance with this section; and
2185 (B) the executive director.

2186 (c) A contractor that is subject to the requirements of this section shall:
2187 (i) place a requirement in each of the contractor's subcontracts that a subcontractor
2188 that is subject to the requirements of this section shall obtain and maintain an offer
2189 of qualified health coverage for the subcontractor's employees and the employees'
2190 dependents during the duration of the subcontract; and
2191 (ii) obtain from a subcontractor that is subject to the requirements of this section a
2192 written statement that:
2193 (A) the subcontractor offers qualified health coverage that complies with Section
2194 26B-3-909;
2195 (B) is from an actuary selected by the subcontractor or the subcontractor's insurer,
2196 an underwriter who is responsible for developing the employer group's
2197 premium rates, or if the subcontractor provides a health benefit plan described
2198 in Subsection (1)(d)(ii), an actuary or underwriter selected by an administrator;
2199 and
2200 (C) was created within one year before the day on which the contractor obtains the
2201 statement.

2202 (d)(i)(A) A contractor that fails to maintain an offer of qualified health coverage
2203 as described in Subsection (5)(a) during the duration of the contract is subject
2204 to penalties in accordance with administrative rules adopted by the division
2205 under Subsection (6).

2206 (B) A contractor is not subject to penalties for the failure of a subcontractor to

2207 obtain and maintain an offer of qualified health coverage described in
2208 Subsection (5)(c)(i).

2209 (ii)(A) A subcontractor that fails to obtain and maintain an offer of qualified
2210 health coverage described in Subsection (5)(c)(i) during the duration of the
2211 subcontract is subject to penalties in accordance with administrative rules
2212 adopted by the department under Subsection (6).
2213 (B) A subcontractor is not subject to penalties for the failure of a contractor to
2214 maintain an offer of qualified health coverage described in Subsection (5)(a).

2215 (6) The department shall make rules:

2216 (a) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
2217 (b) in coordination with:
2218 (i) the Department of Environmental Quality in accordance with Section 19-1-206;
2219 (ii) the Department of Natural Resources in accordance with Section 79-2-404;
2220 (iii) the Division of Facilities Construction and Management in accordance with
2221 Section 63A-5b-607;
2222 (iv) a public transit district in accordance with Section 17B-2a-818.5;
2223 (v) the Department of Transportation in accordance with Section 72-6-107.5; and
2224 (vi) the Legislature's ~~Rules Review and General Oversight~~ General Oversight
2225 Committee created in Section 36-35-102; and

2226 (c) that establish:
2227 (i) the requirements and procedures a contractor and a subcontractor shall follow to
2228 demonstrate compliance with this section, including:
2229 (A) that a contractor or subcontractor's compliance with this section is subject to
2230 an audit by the department or the Office of the Legislative Auditor General;
2231 (B) that a contractor that is subject to the requirements of this section shall obtain
2232 a written statement described in Subsection (5)(a); and
2233 (C) that a subcontractor that is subject to the requirements of this section shall
2234 obtain a written statement described in Subsection (5)(c)(ii);
2235 (ii) the penalties that may be imposed if a contractor or subcontractor intentionally
2236 violates the provisions of this section, which may include:
2237 (A) a three-month suspension of the contractor or subcontractor from entering into
2238 future contracts with the state upon the first violation;
2239 (B) a six-month suspension of the contractor or subcontractor from entering into
2240 future contracts with the state upon the second violation;

2241 (C) an action for debarment of the contractor or subcontractor in accordance with
2242 Section 63G-6a-904 upon the third or subsequent violation; and
2243 (D) monetary penalties which may not exceed 50% of the amount necessary to
2244 purchase qualified health coverage for employees and dependents of
2245 employees of the contractor or subcontractor who were not offered qualified
2246 health coverage during the duration of the contract; and
2247 (iii) a website on which the department shall post the commercially equivalent
2248 benchmark, for the qualified health coverage identified in Subsection (1)(e), that
2249 is provided by the Department of Health and Human Services, in accordance with
2250 Subsection 26B-3-909(2).

2251 (7)(a)(i) In addition to the penalties imposed under Subsection (6)(c)(ii), a contractor
2252 or subcontractor who intentionally violates the provisions of this section is liable
2253 to the employee for health care costs that would have been covered by qualified
2254 health coverage.

2255 (ii) An employer has an affirmative defense to a cause of action under Subsection
2256 (7)(a)(i) if:
2257 (A) the employer relied in good faith on a written statement described in
2258 Subsection (5)(a) or (5)(c)(ii); or
2259 (B) the department determines that compliance with this section is not required
2260 under the provisions of Subsection (3).

2261 (b) An employee has a private right of action only against the employee's employer to
2262 enforce the provisions of this Subsection (7).

2263 (8) Any penalties imposed and collected under this section shall be deposited into the
2264 Medicaid Growth Reduction and Budget Stabilization Account created in Section
2265 63J-1-315.

2266 (9) The failure of a contractor or subcontractor to provide qualified health coverage as
2267 required by this section:
2268 (a) may not be the basis for a protest or other action from a prospective bidder, offeror,
2269 or contractor under:
2270 (i) Section 63G-6a-1602; or
2271 (ii) any other provision in Title 63G, Chapter 6a, Utah Procurement Code; and
2272 (b) may not be used by the procurement entity or a prospective bidder, offeror, or
2273 contractor as a basis for any action or suit that would suspend, disrupt, or terminate
2274 the design or construction.

2275 (10) An administrator, including the administrator's actuary or underwriter, who provides a
2276 written statement under Subsection (5)(a) or (c) regarding the qualified health coverage
2277 of a contractor or subcontractor who provides a health benefit plan described in
2278 Subsection (1)(d)(ii):
2279 (a) subject to Subsection (10)(b), is not liable for an error in the written statement, unless
2280 the administrator commits gross negligence in preparing the written statement;
2281 (b) is not liable for any error in the written statement if the administrator relied in good
2282 faith on information from the contractor or subcontractor; and
2283 (c) may require as a condition of providing the written statement that a contractor or
2284 subcontractor hold the administrator harmless for an action arising under this section.

2285 Section 33. Section **72-6-107.5** is amended to read:

2286 **72-6-107.5 (Effective 05/06/26). Construction of improvements of highway --**

2287 **Contracts -- Health insurance coverage.**

2288 (1) As used in this section:

2289 (a) "Aggregate" means the sum of all contracts, change orders, and modifications related
2290 to a single project.

2291 (b) "Change order" means the same as that term is defined in Section 63G-6a-103.

2292 (c) "Employee" means, as defined in Section 34A-2-104, an "employee," "worker," or
2293 "operative" who:

2294 (i) works at least 30 hours per calendar week; and

2295 (ii) meets employer eligibility waiting requirements for health care insurance, which
2296 may not exceed the first day of the calendar month following 60 days after the day
2297 on which the individual is hired.

2298 (d) "Health benefit plan" means:

2299 (i) the same as that term is defined in Section 31A-1-301; or

2300 (ii) an employee welfare benefit plan:

2301 (A) established under the Employee Retirement Income Security Act of 1974, 29
2302 U.S.C. Sec. 1001 et seq.;

2303 (B) for an employer with 100 or more employees; and

2304 (C) in which the employer establishes a self-funded or partially self-funded group
2305 health plan to provide medical care for the employer's employees and
2306 dependents of the employees.

2307 (e) "Qualified health coverage" means the same as that term is defined in Section
2308 26B-3-909.

2309 (f) "Subcontractor" means the same as that term is defined in Section 63A-5b-605.

2310 (g) "Third party administrator" or "administrator" means the same as that term is defined

2311 in Section 31A-1-301.

2312 (2) Except as provided in Subsection (3), the requirements of this section apply to:

2313 (a) a contractor of a design or construction contract entered into by the department on or

2314 after July 1, 2009, if the prime contract is in an aggregate amount equal to or greater

2315 than \$2,000,000; and

2316 (b) a subcontractor of a contractor of a design or construction contract entered into by

2317 the department on or after July 1, 2009, if the subcontract is in an aggregate amount

2318 equal to or greater than \$1,000,000.

2319 (3) The requirements of this section do not apply to a contractor or subcontractor described

2320 in Subsection (2) if:

2321 (a) the application of this section jeopardizes the receipt of federal funds;

2322 (b) the contract is a sole source contract; or

2323 (c) the contract is an emergency procurement.

2324 (4) A person that intentionally uses change orders, contract modifications, or multiple

2325 contracts to circumvent the requirements of this section is guilty of an infraction.

2326 (5)(a) A contractor subject to the requirements of this section shall demonstrate to the

2327 department that the contractor has and will maintain an offer of qualified health

2328 coverage for the contractor's employees and the employees' dependents during the

2329 duration of the contract by submitting to the department a written statement that:

2330 (i) the contractor offers qualified health coverage that complies with Section

2331 26B-3-909;

2332 (ii) is from:

2333 (A) an actuary selected by the contractor or the contractor's insurer;

2334 (B) an underwriter who is responsible for developing the employer group's

2335 premium rates; or

2336 (C) if the contractor provides a health benefit plan described in Subsection

2337 (1)(d)(ii), an actuary or underwriter selected by a third party administrator; and

2338 (iii) was created within one year before the day on which the statement is submitted.

2339 (b)(i) A contractor that provides a health benefit plan described in Subsection

2340 (1)(d)(ii) shall provide the actuary or underwriter selected by an administrator, as

2341 described in Subsection (5)(a)(ii)(C), sufficient information to determine whether

2342 the contractor's contribution to the health benefit plan and the actuarial value of

2343 the health benefit plan meet the requirements of qualified health coverage.

2344 (ii) A contractor may not make a change to the contractor's contribution to the health
2345 benefit plan, unless the contractor provides notice to:

2346 (A) the actuary or underwriter selected by an administrator, as described in
2347 Subsection (5)(a)(ii)(C), for the actuary or underwriter to update the written
2348 statement described in Subsection (5)(a) in compliance with this section; and
2349 (B) the department.

2350 (c) A contractor that is subject to the requirements of this section shall:

2351 (i) place a requirement in each of the contractor's subcontracts that a subcontractor
2352 that is subject to the requirements of this section shall obtain and maintain an offer
2353 of qualified health coverage for the subcontractor's employees and the employees'
2354 dependents during the duration of the subcontract; and

2355 (ii) obtain from a subcontractor that is subject to the requirements of this section a
2356 written statement that:

2357 (A) the subcontractor offers qualified health coverage that complies with Section
2358 26B-3-909;

2359 (B) is from an actuary selected by the subcontractor or the subcontractor's insurer,
2360 an underwriter who is responsible for developing the employer group's
2361 premium rates, or if the subcontractor provides a health benefit plan described
2362 in Subsection (1)(d)(ii), an actuary or underwriter selected by an administrator;
2363 and

2364 (C) was created within one year before the day on which the contractor obtains the
2365 statement.

2366 (d)(i)(A) A contractor that fails to maintain an offer of qualified health coverage

2367 described in Subsection (5)(a) during the duration of the contract is subject to
2368 penalties in accordance with administrative rules adopted by the department
2369 under Subsection (6).

2370 (B) A contractor is not subject to penalties for the failure of a subcontractor to
2371 obtain and maintain an offer of qualified health coverage described in
2372 Subsection (5)(c)(i).

2373 (ii)(A) A subcontractor that fails to obtain and maintain an offer of qualified
2374 health coverage described in Subsection (5)(c) during the duration of the
2375 subcontract is subject to penalties in accordance with administrative rules
2376 adopted by the department under Subsection (6).

2377 (B) A subcontractor is not subject to penalties for the failure of a contractor to
2378 maintain an offer of qualified health coverage described in Subsection (5)(a).

2379 (6) The department shall adopt administrative rules:

2380 (a) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

2381 (b) in coordination with:

2382 (i) the Department of Environmental Quality in accordance with Section 19-1-206;

2383 (ii) the Department of Natural Resources in accordance with Section 79-2-404;

2384 (iii) the Division of Facilities Construction and Management in accordance with
2385 Section 63A-5b-607;

2386 (iv) the State Capitol Preservation Board in accordance with Section 63O-2-403;

2387 (v) a public transit district in accordance with Section 17B-2a-818.5; and

2388 (vi) the Legislature's ~~Rules Review and General Oversight~~ General Oversight
2389 Committee created in Section 36-35-102; and

2390 (c) that establish:

2391 (i) the requirements and procedures a contractor and a subcontractor shall follow to
2392 demonstrate compliance with this section, including:

2393 (A) that a contractor or subcontractor's compliance with this section is subject to
2394 an audit by the department or the Office of the Legislative Auditor General;

2395 (B) that a contractor that is subject to the requirements of this section shall obtain
2396 a written statement described in Subsection (5)(a); and

2397 (C) that a subcontractor that is subject to the requirements of this section shall
2398 obtain a written statement described in Subsection (5)(c)(ii);

2399 (ii) the penalties that may be imposed if a contractor or subcontractor intentionally
2400 violates the provisions of this section, which may include:

2401 (A) a three-month suspension of the contractor or subcontractor from entering into
2402 future contracts with the state upon the first violation;

2403 (B) a six-month suspension of the contractor or subcontractor from entering into
2404 future contracts with the state upon the second violation;

2405 (C) an action for debarment of the contractor or subcontractor in accordance with
2406 Section 63G-6a-904 upon the third or subsequent violation; and

2407 (D) monetary penalties which may not exceed 50% of the amount necessary to
2408 purchase qualified health coverage for an employee and a dependent of the
2409 employee of the contractor or subcontractor who was not offered qualified
2410 health coverage during the duration of the contract; and

2411 (iii) a website on which the department shall post the commercially equivalent
2412 benchmark, for the qualified health coverage identified in Subsection (1)(e), that
2413 is provided by the Department of Health and Human Services, in accordance with
2414 Subsection 26B-3-909(2).

2415 (7)(a)(i) In addition to the penalties imposed under Subsection (6)(c)(ii), a contractor
2416 or subcontractor who intentionally violates the provisions of this section is liable
2417 to the employee for health care costs that would have been covered by qualified
2418 health coverage.

2419 (ii) An employer has an affirmative defense to a cause of action under Subsection
2420 (7)(a)(i) if:

2421 (A) the employer relied in good faith on a written statement described in
2422 Subsection (5)(a) or (5)(c)(ii); or
2423 (B) the department determines that compliance with this section is not required
2424 under the provisions of Subsection (3).

2425 (b) An employee has a private right of action only against the employee's employer to
2426 enforce the provisions of this Subsection (7).

2427 (8) Any penalties imposed and collected under this section shall be deposited into the
2428 Medicaid Growth Reduction and Budget Stabilization Account created in Section
2429 63J-1-315.

2430 (9) The failure of a contractor or subcontractor to provide qualified health coverage as
2431 required by this section:

2432 (a) may not be the basis for a protest or other action from a prospective bidder, offeror,
2433 or contractor under:
2434 (i) Section 63G-6a-1602; or
2435 (ii) any other provision in Title 63G, Chapter 6a, Utah Procurement Code; and
2436 (b) may not be used by the procurement entity or a prospective bidder, offeror, or
2437 contractor as a basis for any action or suit that would suspend, disrupt, or terminate
2438 the design or construction.

2439 (10) An administrator, including an administrator's actuary or underwriter, who provides a
2440 written statement under Subsection (5)(a) or (c) regarding the qualified health coverage
2441 of a contractor or subcontractor who provides a health benefit plan described in
2442 Subsection (1)(d)(ii):

2443 (a) subject to Subsection (10)(b), is not liable for an error in the written statement, unless
2444 the administrator commits gross negligence in preparing the written statement;

2445 (b) is not liable for any error in the written statement if the administrator relied in good
2446 faith on information from the contractor or subcontractor; and
2447 (c) may require as a condition of providing the written statement that a contractor or
2448 subcontractor hold the administrator harmless for an action arising under this section.

2449 Section 34. Section **79-2-404** is amended to read:

2450 **79-2-404 (Effective 05/06/26). Contracting powers of department -- Health
2451 insurance coverage.**

2452 (1) As used in this section:

2453 (a) "Aggregate" means the sum of all contracts, change orders, and modifications related
2454 to a single project.

2455 (b) "Change order" means the same as that term is defined in Section 63G-6a-103.

2456 (c) "Employee" means, as defined in Section 34A-2-104, an "employee," "worker," or
2457 "operative" who:

2458 (i) works at least 30 hours per calendar week; and

2459 (ii) meets employer eligibility waiting requirements for health care insurance, which
2460 may not exceed the first day of the calendar month following 60 days after the day
2461 on which the individual is hired.

2462 (d) "Health benefit plan" means:

2463 (i) the same as that term is defined in Section 31A-1-301; or

2464 (ii) an employee welfare benefit plan:

2465 (A) established under the Employee Retirement Income Security Act of 1974, 29
2466 U.S.C. Sec. 1001 et seq.;

2467 (B) for an employer with 100 or more employees; and

2468 (C) in which the employer establishes a self-funded or partially self-funded group
2469 health plan to provide medical care for the employer's employees and
2470 dependents of the employees.

2471 (e) "Qualified health coverage" means the same as that term is defined in Section
2472 26B-3-909.

2473 (f) "Subcontractor" means the same as that term is defined in Section 63A-5b-605.

2474 (g) "Third party administrator" or "administrator" means the same as that term is defined
2475 in Section 31A-1-301.

2476 (2) Except as provided in Subsection (3), the requirements of this section apply to:

2477 (a) a contractor of a design or construction contract entered into by, or delegated to, the
2478 department or a division, board, or council of the department on or after July 1, 2009,

2479 if the prime contract is in an aggregate amount equal to or greater than \$2,000,000;

2480 and

2481 (b) a subcontractor of a contractor of a design or construction contract entered into by, or
2482 delegated to, the department or a division, board, or council of the department on or
2483 after July 1, 2009, if the subcontract is in an aggregate amount equal to or greater
2484 than \$1,000,000.

2485 (3) This section does not apply to contracts entered into by the department or a division,
2486 board, or council of the department if:

2487 (a) the application of this section jeopardizes the receipt of federal funds;

2488 (b) the contract or agreement is between:

2489 (i) the department or a division, board, or council of the department; and

2490 (ii)(A) another agency of the state;

2491 (B) the federal government;

2492 (C) another state;

2493 (D) an interstate agency;

2494 (E) a political subdivision of this state; or

2495 (F) a political subdivision of another state; or

2496 (c) the contract or agreement is:

2497 (i) for the purpose of disbursing grants or loans authorized by statute;

2498 (ii) a sole source contract; or

2499 (iii) an emergency procurement.

2500 (4) A person that intentionally uses change orders, contract modifications, or multiple
2501 contracts to circumvent the requirements of this section is guilty of an infraction.

2502 (5)(a) A contractor subject to the requirements of this section shall demonstrate to the
2503 department that the contractor has and will maintain an offer of qualified health
2504 coverage for the contractor's employees and the employees' dependents during the
2505 duration of the contract by submitting to the department a written statement that:

2506 (i) the contractor offers qualified health coverage that complies with Section
2507 26B-3-909;

2508 (ii) is from:

2509 (A) an actuary selected by the contractor or the contractor's insurer;

2510 (B) an underwriter who is responsible for developing the employer group's
2511 premium rates; or

2512 (C) if the contractor provides a health benefit plan described in Subsection

2513 (1)(d)(ii), an actuary or underwriter selected by a third party administrator; and
2514 (iii) was created within one year before the day on which the statement is submitted.

2515 (b)(i) A contractor that provides a health benefit plan described in Subsection
2516 (1)(d)(ii) shall provide the actuary or underwriter selected by an administrator, as
2517 described in Subsection (5)(a)(ii)(C), sufficient information to determine whether
2518 the contractor's contribution to the health benefit plan and the actuarial value of
2519 the health benefit plan meet the requirements of qualified health coverage.

2520 (ii) A contractor may not make a change to the contractor's contribution to the health
2521 benefit plan, unless the contractor provides notice to:
2522 (A) the actuary or underwriter selected by an administrator, as described in
2523 Subsection (5)(a)(ii)(C), for the actuary or underwriter to update the written
2524 statement described in Subsection (5)(a) in compliance with this section; and
2525 (B) the department.

2526 (c) A contractor that is subject to the requirements of this section shall:
2527 (i) place a requirement in each of the contractor's subcontracts that a subcontractor
2528 that is subject to the requirements of this section shall obtain and maintain an offer
2529 of qualified health coverage for the subcontractor's employees and the employees'
2530 dependents during the duration of the subcontract; and
2531 (ii) obtain from a subcontractor that is subject to the requirements of this section a
2532 written statement that:
2533 (A) the subcontractor offers qualified health coverage that complies with Section
2534 26B-3-909;
2535 (B) is from an actuary selected by the subcontractor or the subcontractor's insurer,
2536 an underwriter who is responsible for developing the employer group's
2537 premium rates, or if the subcontractor provides a health benefit plan described
2538 in Subsection (1)(d)(ii), an actuary or underwriter selected by an administrator;
2539 and
2540 (C) was created within one year before the day on which the contractor obtains the
2541 statement.

2542 (d)(i)(A) A contractor that fails to maintain an offer of qualified health coverage
2543 described in Subsection (5)(a) during the duration of the contract is subject to
2544 penalties in accordance with administrative rules adopted by the department
2545 under Subsection (6).

2546 (B) A contractor is not subject to penalties for the failure of a subcontractor to

2547 obtain and maintain an offer of qualified health coverage described in
2548 Subsection (5)(c)(i).

2549 (ii)(A) A subcontractor that fails to obtain and maintain an offer of qualified
2550 health coverage described in Subsection (5)(c) during the duration of the
2551 subcontract is subject to penalties in accordance with administrative rules
2552 adopted by the department under Subsection (6).
2553 (B) A subcontractor is not subject to penalties for the failure of a contractor to
2554 maintain an offer of qualified health coverage described in Subsection (5)(a).

2555 (6) The department shall adopt administrative rules:

2556 (a) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
2557 (b) in coordination with:
2558 (i) the Department of Environmental Quality in accordance with Section 19-1-206;
2559 (ii) a public transit district in accordance with Section 17B-2a-818.5;
2560 (iii) the Division of Facilities Construction and Management in accordance with
2561 Section 63A-5b-607;
2562 (iv) the State Capitol Preservation Board in accordance with Section 63O-2-403;
2563 (v) the Department of Transportation in accordance with Section 72-6-107.5; and
2564 (vi) the Legislature's ~~Rules Review and General Oversight~~ General Oversight
2565 Committee created in Section 36-35-102; and
2566 (c) that establish:
2567 (i) the requirements and procedures a contractor and a subcontractor shall follow to
2568 demonstrate compliance with this section, including:
2569 (A) that a contractor or subcontractor's compliance with this section is subject to
2570 an audit by the department or the Office of the Legislative Auditor General;
2571 (B) that a contractor that is subject to the requirements of this section shall obtain
2572 a written statement described in Subsection (5)(a); and
2573 (C) that a subcontractor that is subject to the requirements of this section shall
2574 obtain a written statement described in Subsection (5)(c)(ii);
2575 (ii) the penalties that may be imposed if a contractor or subcontractor intentionally
2576 violates the provisions of this section, which may include:
2577 (A) a three-month suspension of the contractor or subcontractor from entering into
2578 future contracts with the state upon the first violation;
2579 (B) a six-month suspension of the contractor or subcontractor from entering into
2580 future contracts with the state upon the second violation;

2581 (C) an action for debarment of the contractor or subcontractor in accordance with
2582 Section 63G-6a-904 upon the third or subsequent violation; and
2583 (D) monetary penalties which may not exceed 50% of the amount necessary to
2584 purchase qualified health coverage for an employee and a dependent of an
2585 employee of the contractor or subcontractor who was not offered qualified
2586 health coverage during the duration of the contract; and
2587 (iii) a website on which the department shall post the commercially equivalent
2588 benchmark, for the qualified health coverage identified in Subsection (1)(e),
2589 provided by the Department of Health and Human Services, in accordance with
2590 Subsection 26B-3-909(2).

2591 (7)(a)(i) In addition to the penalties imposed under Subsection (6)(c)(ii), a contractor
2592 or subcontractor who intentionally violates the provisions of this section is liable
2593 to the employee for health care costs that would have been covered by qualified
2594 health coverage.

2595 (ii) An employer has an affirmative defense to a cause of action under Subsection
2596 (7)(a)(i) if:
2597 (A) the employer relied in good faith on a written statement described in
2598 Subsection (5)(a) or (5)(c)(ii); or
2599 (B) the department determines that compliance with this section is not required
2600 under the provisions of Subsection (3).

2601 (b) An employee has a private right of action only against the employee's employer to
2602 enforce the provisions of this Subsection (7).

2603 (8) Any penalties imposed and collected under this section shall be deposited into the
2604 Medicaid Growth Reduction and Budget Stabilization Account created in Section
2605 63J-1-315.

2606 (9) The failure of a contractor or subcontractor to provide qualified health coverage as
2607 required by this section:
2608 (a) may not be the basis for a protest or other action from a prospective bidder, offeror,
2609 or contractor under:
2610 (i) Section 63G-6a-1602; or
2611 (ii) any other provision in Title 63G, Chapter 6a, Utah Procurement Code; and
2612 (b) may not be used by the procurement entity or a prospective bidder, offeror, or
2613 contractor as a basis for any action or suit that would suspend, disrupt, or terminate
2614 the design or construction.

2615 (10) An administrator, including an administrator's actuary or underwriter, who provides a
2616 written statement under Subsection (5)(a) or (c) regarding the qualified health coverage
2617 of a contractor or subcontractor who provides a health benefit plan described in
2618 Subsection (1)(d)(ii):
2619 (a) subject to Subsection (10)(b), is not liable for an error in the written statement, unless
2620 the administrator commits gross negligence in preparing the written statement;
2621 (b) is not liable for any error in the written statement if the administrator relied in good
2622 faith on information from the contractor or subcontractor; and
2623 (c) may require as a condition of providing the written statement that a contractor or
2624 subcontractor hold the administrator harmless for an action arising under this section.

2625 **Section 35. Repealer.**

2626 This bill repeals:

2627 **Section 63G-3-101, Title.**

2628 **Section 36. Effective Date.**

2629 This bill takes effect on May 6, 2026.