

D R A F T  
FOR DISCUSSION ONLY

# REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT

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NATIONAL CONFERENCE OF COMMISSIONERS  
ON UNIFORM STATE LAWS

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Draft after style committee review in January, 2008~~For November 9-11, 2007 Drafting  
Committee Meeting~~

*WITH PREFATORY NOTE AND COMMENTS*

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ON UNIFORM STATE LAWS

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~~October 26, 2007~~May 30, 2008

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# REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT

## Prefatory Note

### The 1946 Model State Administrative Procedure Act

The Model State Administrative Procedure Act (Act) of the National Conference of Commissioners on Uniform State Laws (Conference) has furnished guidance to the states since 1946, the date that the first version of the Act was promulgated and published. The Federal Administrative Procedure Act was drafted at about the same time as the 1946 Act, and there was substantial communication between the drafters of the two acts.

The 1946 Act incorporated basic principles with only enough elaboration of detail to support essential features<sup>1</sup> of an administrative procedure act. This is the major characteristic of a “model”, as distinguished from a “uniform”, act. The drafters of the 1946 Act explained that a model act approach was required because details of administrative procedure must vary from state to state as a result of different general histories, different histories of legislative enactment and different state constitutions. Furthermore, the drafters explained, the Act could only articulate general principles because 1) agencies--even within a single state--perform widely diverse tasks, so that no single detailed procedure is adequate for all their needs; and 2) the legislatures of different states have taken dissimilar approaches to virtually identical problems.<sup>2</sup> By about 1960, twelve states had adopted the 1946 Act.<sup>3</sup>

### The 1961 Model State Administrative Procedure Act

As a result of several studies conducted in the nineteen fifties, the Conference decided to revise the 1946 Act. The basis given for that decision was that a maturing of thought on administrative procedure had occurred since 1946. The drafters of the 1961 Act explained that their goals were fairness to the parties involved and creation of procedure that is effective from the standpoint of government.<sup>4</sup> The resulting 1961 Act also followed the model, not uniform, act approach, because “details must vary from state to state.” The 1961 APA purposely included only “basic principles” and “essential major features.” Some of those major principles were: requiring agency rulemaking for procedural rules; rulemaking procedure that provided for notice, public input and publication; judicial review of rules; guarantees of fundamental fairness in adjudications; and provision for judicial review of agency adjudication. Over one half of the states adopted the 1961 Act or large parts of it.<sup>5</sup>

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<sup>1</sup> 1946 Model State Administrative Procedure Act preface at 200.

<sup>2</sup> Id. at 200

<sup>3</sup> Those states, as identified in the preface to the 1961 Model State Administrative Procedure Act were: North Dakota, Wisconsin, North Carolina, Ohio, Virginia, California, Illinois, Pennsylvania, Missouri, Indiana.

<sup>4</sup> Preface to 1961 Model State Administrative Procedure Act.

<sup>5</sup> Uniform Laws Annotated at 357 (1980 Master Edition) catalogued numerous states that used the 1961 Model State

## **The 1981 Model State Administrative Procedure Act**

In the nineteen seventies, the Conference began work on another revision of the Act which was completed in 1981. The Conference based the need for this revision upon greater experience with administrative procedure by state governments, and growth in state government in such areas as the environment, workplace safety and benefit programs. This growth, it was argued, was so great as to effect a change in the nature of state government. The 1981 Act sought to deal with those changes.

The preface to the 1981 Act explained that the approach to drafting had changed from the 1946 and 1961 Acts. According to the drafters, the 1981 Act was entirely new, with more detail than earlier versions of the Act. This expanded focus on detail was based upon changed circumstances in the states and greater state experience with administrative procedure since 1961.<sup>6</sup> The 1981 Act, when completed, consisted of ninety-four sections<sup>7</sup>. In the twenty-odd years since promulgation of the 1981 Act, Arizona, New Hampshire, and Washington have adopted many of its provisions. Several other states have drawn some of their administrative procedure provisions from the 1981 Act.<sup>8</sup>

## **The Present Revision**

There are several reasons for revision of the 1981 Act. It has been more than twenty-five years since the Act was last revised. There now exists a substantial body of legislative action, judicial opinion and academic commentary that explain, interpret and critique the 1961 and 1981 Acts and the Federal Administrative Procedure Act. In the past two decades state legislatures, dissatisfied with agency rulemaking and adjudication, have enacted statutes that modify administrative adjudication and rulemaking procedure. At the present time the American Bar Association has undertaken a major study of the Federal Administrative Procedure Act and is

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Administrative Procedure Act. They are: Arizona, Arkansas, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, Oklahoma, Oregon, Rhode Island, South Dakota, Tennessee, Vermont, Washington, West Virginia, Wisconsin, and Wyoming.

<sup>6</sup> Preface, 1981 Model State Administrative Procedure Act. The greater emphasis on detail in the 1981 Model State Administrative Procedure Act is apparent from the text of the preface:

In addition, the drafters of this effort have produced an act that is more detailed than the earlier Model Act. There are several reasons for this. First, virtually all state administrative procedure acts are much more detailed than the 1961 Revised Model Act. Second, the states badly need and want guidance on this subject in more detail than the earlier act provided. Third, substantial experience under the acts of the several states suggests that much more detail than is provided in the earlier Model Act is in fact necessary and workable in light of current conditions of state government and society. Since this is a Model Act and not a Uniform Act, greater detail in this act should also be more acceptable because each state is only encouraged to adopt as much of the act as is helpful in its particular circumstances.

<sup>7</sup> For example, the 1961 Model State Administrative Procedure Act contained nineteen sections; the 1981 Model State Administrative Procedure Act contained more than eighty sections divided among five different articles.

<sup>8</sup> Some of those states are: Florida, Iowa, Kansas, California, Mississippi and Montana.

recommending revision of that act. Since some sections of the Model State Administrative Procedure Act are similar to the Federal Act, the ABA study furnishes useful comparisons for the Act. The emergence of the Internet, which did not exist at the time of the last revision of the Act, is another event that the Model Administrative Procedure Act must address. Finally, since the 1981 Act, approximately thirty states have adopted central panel administrative law judge provisions. What has been learned from the experience in those states can be used to improve this Act.



1                   **REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT**

3                                   **[ARTICLE] 1**

4                                   **GENERAL PROVISIONS**

6                   **SECTION 101. SHORT TITLE.** This [act] may be cited as the [state] Administrative  
7 Procedure Act.

8                   **SECTION 102. DEFINITIONS.** In this [act]:

9                   (1) “Adjudication” means the process for determination of facts or application of law  
10 pursuant to which an agency formulates and issues an order.

11                   (2) “Adoption of a rule” includes amendment or repeal, unless the context clearly  
12 indicates otherwise.

13                   (3)(2) “Agency” means a state board, authority, commission, institution, department,  
14 division, officer, or other state government entity, that is authorized or required by law to make  
15 rules or to adjudicate. The term does not include the governor, the legislature, and the judiciary.

16 ~~The term does not include local agencies but does include state agencies.~~

17                   (4)(3) “Agency action” means:

18                                   (A) the whole or part of any agency order or rule;

19                                   (B) the failure to issue an order or rule; or

20                                   (C) an agency’s performance of, or failure to perform, any duty, function, or  
21 activity or to make any determination required by law.

22                   (5)(4) “Agency head” means the individual in whom, or one or more members of the  
23 body of individuals in which, the ultimate legal authority of an agency is vested.

1        ~~(6)(5)~~ “Agency record” means the agency rulemaking record in rulemaking governed by  
2        Section 302, the emergency rulemaking record in rulemaking governed by Section 309(a), the  
3        expedited rulemaking record in rulemaking governed by Section 309(b), the agency hearing  
4        record in an adjudication governed by Section 407, and the agency record in informal and  
5        emergency cases governed by Sections 406 and 408 .

6        ~~(7)(6)~~ “Contested case” means an adjudication in which an opportunity for an  
7        evidentiary hearing is required by the federal or state constitution, or a federal or state statute, or  
8        a judicial decision ~~[deleted or by the common law]~~.

9        ~~(8)(7)~~ “Electronic” means relating to technology having electrical, digital, magnetic,  
10       wireless, optical, electromagnetic, or similar capabilities.

11       ~~(9)(8)~~ “Electronic record” means a record created, generated, sent, communicated,  
12       received, or stored by electronic means.

13       ~~(10)(9)~~ “Emergency adjudication” means an adjudication in a contested case in which  
14       ~~there is an~~ danger to the public health, safety, or welfare ~~that~~ requires immediate action.

15       ~~(11)(10)~~ “Evidentiary hearing” means a hearing for the receipt of evidence to resolve a  
16       contested issue in which the decision of the hearing officer may be made only on material  
17       contained in the agency record created at the hearing.

18       ~~(12)(11)~~ “Guidance document” means a record developed by an agency that lacks the  
19       force of law but states the agency’s current approach to, or opinion of law, including  
20       interpretations and general statements of policy that describe the agency’s exercise of  
21       discretionary functions~~once issued, binds the agency , and informs the general public of an~~  
22       ~~agency’s current approach to, or opinion of, law, including, interpretations and general~~  
23       ~~statements of policy that describe the agency’s exercise of discretionary functions.~~

1        ~~(13)(12)~~ “Index” ~~means~~includes a searchable list ~~or collection~~ of items by subject and  
2 caption in a record with a page number, hyperlink, or any other connector that links the list with  
3 the record to which it refers.

4        ~~(13) “Informal adjudication” means an adjudication in a contested case in which the~~  
5 ~~presiding officer is permitted to follow an informal procedure.~~

6        (14) “Internet website” means a centralized Internet website that permits the public to  
7 search a permanent database that archives materials required to be published with the [publisher]  
8 under this [act].

9        (15) “Law” means the federal or state constitution, a federal or state statute, a judicial  
10 decision, a rule of court, an executive order that rests on statutory or constitutional authorization,  
11 or a rule or order of an agency.

12        (16) “License” means a permit, certificate, approval, registration, charter, or similar form  
13 of permission required by law and which is issued by an agency.

14        (17) “Licensing” means the grant, denial, renewal, revocation, suspension, annulment,  
15 withdrawal, or amendment of a license.

16        (18) “Notify” means to take such steps as may be reasonably required to inform another  
17 person in the ordinary course, whether or not the other person actually comes to know of it.

18        (19) “Order” means an agency decision~~adjudication of particular applicability~~ that  
19 determines the legal rights, duties, privileges or immunities, or other legal interests of one or  
20 more specific persons.

21        (20) “Party” means the agency taking action, the person against which~~whom~~ the action  
22 is directed, and any other person named as a party or permitted to intervene.

23        (21) “Person” means an individual, corporation, business trust, estate, trust, statutory

1 trust, partnership, limited liability company, association, joint venture, public corporation,  
2 government, or governmental subdivision, agency, or instrumentality, or any other legal or  
3 commercial entity.

4 (22) “Presiding officer” means ~~an~~the individual person who presides over the evidentiary  
5 hearing in a contested case.

6 (23) “Proceeding” means any type of formal or informal agency process or procedure  
7 commenced or conducted by an agency. The term includes adjudication, rulemaking, and  
8 investigation.

9 (24) “Recommended decision” means a proposed action issued by a presiding officer  
10 who is not the agency head which is subject to review by the agency head.

11 (25) “Record” means information that is inscribed on a tangible medium or that is stored  
12 in an electronic or other medium and is retrievable in perceivable form.

13 (26) “Rule” means the whole or a part of an agency statement of general applicability  
14 ~~and future effect~~ that implements, interprets, or prescribes law or policy or the organization,  
15 procedure, or practice requirements of an agency. ~~The term does not include:~~

16 ~~(A) statements concerning only the internal management of an agency and not~~  
17 ~~affecting private rights or procedures available to the public;~~

18 ~~\_(B) agency declaratory orders issued under this [act];~~

19 ~~\_(C) a decision or order in a contested case;~~

20 ~~(D) an intergovernmental or interagency memorandum, directive, or~~  
21 ~~communication that does not affect the rights of, or procedures and practices available to, the~~  
22 ~~public;~~

23 ~~(E) an opinion of the Attorney General;~~

~~(F) a statement that establishes criteria or guidelines to be used by the staff of an agency in performing audits, investigations, or inspections, settling commercial disputes, negotiating commercial arrangements, or in the defense, prosecution, or settlement of cases, if disclosure of the criteria or guidelines would enable law violators to avoid detection, facilitate disregard of requirements imposed by law, or give a clearly improper advantage to persons who are in an adverse position to the state;~~

~~(G) guidance documents; and~~

~~(H) forms developed by an agency to implement or interpret agency law or policy.~~

(27) “Rulemaking” means the process for adopting, amending, or repealing a rule.

(28) “Sign” means, with present intent to authenticate or adopt a record:

(A) to execute or adopt a tangible symbol; or

(B) to attach to or logically associate with the record an electronic symbol, sound, or process.

(29) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(30) “Written” means inscribed on a tangible medium.

### **Comment**

Adjudication. This definition gives the general meaning of adjudication that distinguishes it from rulemaking. See California Government Code Section 11405.20. This Act and the definitions in this Section also identify some categories of adjudication that require procedure specified in this Act to be used to reach a decision. For example, the term contested case, defines a subset of adjudications that must be conducted as prescribed in Article 4 of this Act.

Agency. The object of this definition is to subject as many state actors as possible to this

1 definition. See 1981 MSAPA Section 1-102(1). The exception for the governor means the  
2 governor personally.

3  
4 Agency Action. This definition is added for purposes of identifying those matters subject  
5 to judicial review. Failure to issue an order or rule is not judicially reviewable except as provided  
6 in Section 501(a) of the Act. Failure to issue an order or rule does not include an agency denial  
7 of a petition to initiate rulemaking. See Section 317 of the Act. This definition is taken from  
8 1981 MSAPA Section 1-102(2).

9  
10 Agency Head. This definition differentiates between the agency as an organic whole and  
11 the particular persons (commissioners, board members or the like) in whom final authority is  
12 vested. This definition is taken from 1981 MSAPA Section 1-102(3).

13  
14 Contested case. This term is similar to the “contested case” definition of the 1961  
15 MSAPA. Like the 1961 MSAPA, this Act looks to external sources such as statutes to describe  
16 situations in which a party is entitled to a hearing. However, this term differs from the 1961  
17 MSAPA’s term “contested case” because it also includes hearings required by the constitution,  
18 federal or state, and makes provision in Article 4 for the type of hearing to be held in a case  
19 where a constitution creates the right to a hearing. Including constitutionally created rights to a  
20 hearing within the provisions of this Act eliminates the problem of looking outside the Act to  
21 determine the type of hearing required in cases where the right to the hearing is created by  
22 constitution. Hearing rights created by judicial decisions means constitutional decisions by  
23 appellate courts. See Goldberg v. Kelley, 397 U.S. 254 (1970), and Goss v. Lopez 419 U.S. 565  
24 (1975). Contested cases do not include investigatory hearings, pure administrative process  
25 proceedings such as tests, elections, or inspections, and situations in which a party has a right to  
26 a de novo administrative or judicial hearing. See Section 401 of the Act. An agency may by rule  
27 make all or part of article 4 applicable to adjudication that does not fall within the requirements  
28 of Section 401, including hearing rights conferred by agency regulations. See California  
29 Government Code Section 11410.10. The scope of hearing rights is governed by law other than  
30 this act.

31  
32 Record. Modern electronic-age statutes such as the Uniform Computer Information  
33 Transactions Act and the Uniform Electronic Transactions Act adopt a broad definition of the  
34 term record that includes the term document. This act follows those definitions.

35  
36 Electronic. The term “electronic” refers to the use of electrical, digital, magnetic,  
37 wireless, optical, electromagnetic and similar technologies. It is a descriptive term meant to  
38 include all technologies involving electronic processes. The listing of specific technologies is not  
39 intended to be a limiting one. The definition is intended to assure that this act will be applied  
40 broadly as new technologies develop. For example, biometric identification technologies would  
41 be included if they affect communication and storage of information by electronic means. As  
42 electronic technologies expand and include other competencies, those competencies should also  
43 be included under this definition. The definition of the term “electronic” in this act has the same  
44 meaning as it has in UETA SECTION 2(5) and in the Uniform Real Property Electronic  
45 Recording Act.

1  
2       Electronic Record. This definition is identical to § 2(7) of the Uniform Electronic  
3 Transactions Act. An “electronic record” is a document that is in an “electronic” form.  
4 Documents may be communicated in electronic form; they may be received in electronic form;  
5 they may be recorded and stored in electronic form; and they may be received in paper copies  
6 and converted into an electronic record. This Act does not limit the type of electronic documents  
7 received by the [publisher]. The purpose of defining and recognizing electronic documents is to  
8 facilitate and encourage agency use of electronic communication and maintenance of electronic  
9 records.

10  
11       Emergency Adjudication. This definition is designed to be used with the emergency  
12 adjudication procedures provided by Section 408. The danger to the public health, safety, or  
13 welfare standard requiring immediate action is a strict standard that is defined by law other than  
14 this Act. Federal and state case law have held that in an emergency situation an agency may act  
15 rapidly and postpone any formal hearing without violation, respectively, of federal or state  
16 constitutional law. FDIC v. Mallen, 486 U.S. 230 (1988); Gilbert v. Homar (1997) 520 U.S.  
17 924; Dep’t of Agric. v. Yanes, 755 P.2d 611 (OK. 1987).

18  
19       -  
20       Guidance document. This definition is taken from the Michigan APA, M.C.L.A.  
21 24.203(6), and the Virginia APA, Va. Code Ann. SECTION 2.2-4001. See also the; Idaho I.C.  
22 SECTION 67-5250 and N.Y. McKinneys State Administrative Procedure Act, SECTION 102.  
23 This is a definition intended to recognize that there exist agency statements for the guidance of  
24 staff and the public that differ from, and that do not constitute, rules. Many states recognize such  
25 statements under the label “interpretive statement” or “policy statement.” See Wash. Rev. Code,  
26 SECTION 34.05.010(8) & (15). Later sections of this Act will provide for the publication and  
27 availability of this type of record so that they are not “secret” records. See: Michael Asimow,  
28 Guidance Documents in the States, 54 Adm. L. Rev. 631 (2002); Michael Asimow, California  
29 Underground Regulations, 44 Adm. L. Rev. 43 (1992).

30       Index. The definition of index has been added as a guide to agencies, [publisher]s and  
31 editors about their duties to make records available and easily accessible to the public in the form  
32 of an index, as that term is used throughout this act.

33  
34       Internet website. This definition is designed to be used by agencies and publishers to  
35 comply with the requirements of Sections 201, 316, and 421 of this Act.

36  
37       -  
38       Law. Law includes an executive order that rests on statutory or constitutional  
39 authorization. See Kevin M. Stack, “The Statutory President,” 90 Iowa L. Rev. 539, 550-52  
40 (2005); Jim Rossi, “State Executive Law making in Crisis,” 56 Duke L. Rev. 237, 261-64  
41 (2006).

42       License. The definition of license is drawn largely from the 1961 MSAPA.

43  
44       Order. Unlike the federal APA which defines rule, but not order, this section provides a  
45 positive definition of order based on case law and agency experience. The key concept is that an

1 order includes solely agency legal determinations that are addressed to particular, specific,  
2 identified individuals in particular circumstances. An order may be addressed to more than one  
3 person. Further, the definition is consistent with modern law in rejecting the right/privilege  
4 distinction in constitutional law. The addition of the language “or other interests” is intended to  
5 clarify this change and to include entitlements. See also Cal.Gov.Code SECTION 11405.50.  
6

7 Party. This definition includes the agency, any person against whom agency action is  
8 brought and any person who intervenes. Its terms also include any person who may participate  
9 in a rulemaking proceeding, such as someone who offers a comment. This section is not  
10 intended to deal with the issue of a person’s entitlement to review. Standing and other issues  
11 relating to judicial review of agency action are addressed in Article 5 of this Act.  
12

13 Presiding Officer. This definition includes an agency staff member, an administrative  
14 law judge or one or more members of the agency head when designated to preside at a hearing.  
15

16 Person. The definition of a “person” is the standard definition for that term used in acts  
17 adopted by the National Conference of Commissioners on Uniform State Laws. It includes  
18 individuals, associations of individuals, and corporate and governmental entities.  
19

20 Rule. The essential part of this definition is the requirement of general applicability of  
21 the statement. This criterion distinguishes a rule from an order, which focuses upon particular  
22 applicability to identified parties only. Applicability of a rule may be general, even though at the  
23 time of the adoption of the rule there is only one person or firm affected: persons or firms in the  
24 future who are in the same situation will also be bound by the standard established by such a  
25 rule. It is sometimes helpful to ask in borderline situations what the effect of the statement will  
26 be in the future. If unnamed parties in the same factual situation in the future will be bound by  
27 the statement, then it is a rule. The word “statement” has been used to make clear that, regardless  
28 of the term that an agency uses to describe a declaration or publication and whether it is internal  
29 or external to the agency, if the legal operation or effect of the agency action is the same as a  
30 substantive rule, then it meets this definition. The exceptions to the definition are widely used in  
31 state APAs. Subsection 26(A) is drawn from 1981 Model State APA § 3-116(1). Subsection  
32 26(E) is drawn from 1981 Model State APA § 3-116(9). Subsection 26(F) is drawn from 1981  
33 Model State APA § 3-116(2). Subsection 26(H) is based on 1981 Model State APA § 3-116(7).  
34

35 **Written. This definition relates to the definition of record in Section 102(25) in that**  
36 **written documents are inscribed on a tangible medium. The definition of record in Section**  
37 **102(25) includes both tangible medium (written) and electronic documents.**  
38

39 **SECTION 103. APPLICABILITY.** This [act] applies to all agencies unless the agency  
40 is expressly exempted by statutory law of this state.

41 **Comment**



1           This section is intended to define which agencies are subject to the provisions of this act.  
2   Many states have made use of an applicability provision to define the coverage of their  
3   Administrative Procedure Act. See: Iowa, I.C.A. SECTION 17A.23; Kansas, K.S.A. SECTION  
4   77-503; Kentucky, KRS SECTION 13B.020; Maryland, MD Code, State Government,  
5   SECTION 10-203; Minnesota, M.S.A. SECTION 14.03; Mississippi, Miss. Code Ann.  
6   SECTION 25-43-1.103; Washington, West's RCWA 34.05.020.  
7

1 [ARTICLE 2]

2 PUBLIC ACCESS TO AGENCY LAW AND POLICY

3  
4 SECTION 201. PUBLICATION, COMPILATION, INDEXING, AND PUBLIC  
5 INSPECTION OF RULEMAKING DOCUMENTS~~RULES~~.

6 (a) The [publisher] shall administer this section and other sections of this [act] that  
7 require publication.

8 *Legislative Note:* throughout this act the drafting committee has used the term [publisher] to  
9 describe the official or agency to which substantive publishing functions are assigned. All states  
10 have such an official, but their titles vary. Each state using this act should determine what that  
11 agency is, then insert its title in place of [publisher] throughout this act.

12  
13 (b) The [publisher] shall publish all documents in [electronic] [written] format. The  
14 [publisher] shall prescribe a uniform numbering system, form, and style for all proposed and  
15 adopted rules.

16 (c) The [publisher] shall maintain the official record of adoption for adopted rules,  
17 including the text of the rule and any supporting documents, filed with the [publisher] by the  
18 agency. The agency adopting the rule shall maintain the rulemaking record, as defined in Section  
19 302(b), for that rule.

20 (d) The [publisher] shall create and maintain an Internet website [or other appropriate  
21 technology]. The [administrative bulletin and administrative code] and any guidance document  
22 filed with the [publisher] by an agency must be published online on~~via~~ the Internet website [or  
23 other appropriate technology]. ~~The [publisher] may not charge for public access to the Internet-~~  
24 ~~website [or other appropriate technology].~~

25 (e) The [administrative bulletin] shall be published by the [publisher] at least once per

[month]. ~~An issue of the [administrative bulletin] is deemed published on the date of publication.~~

(f) The [administrative bulletin] must be made available in written form upon request, for which the [publisher] may charge a reasonable fee.

(g) The [administrative bulletin] must contain:

(1) notices of proposed rule adoption ~~prepared so that the text of the proposed rule shows the text of any existing rule proposed to be changed and the change proposed~~;

(2) newly filed adopted rules ~~prepared so that the text of the newly filed adopted rule shows the text of any existing rule changed and the change being made~~;

(3) any other notices and materials designated by [law] ~~rulemaking~~ [the [publisher]] for publication in the [administrative bulletin]; and

(4) an index ~~to its contents by subject and caption.~~

(h) The [administrative code] must be compiled, indexed by subject, and published in a format and medium as prescribed by the [publisher]. The rules of each agency must be published and indexed in the [administrative code].

(i) The [publisher] shall also make available for public inspection and copying the [administrative bulletin] and the [administrative code]. ~~(i) The [publisher] shall also make available for public inspection and copying those portions of the [administrative bulletin and administrative code] containing all rules adopted or used by an agency in the discharge of its functions and an index to those rules.~~

(j) The [publisher] may make minor non substantive corrections ~~correct minor, nonsubstantive errors~~ in spelling, grammar, and format in proposed or adopted rules after notification of the agency. The [publisher] shall make a record of the corrections.

(k)(k) ~~An agency~~ shall make ~~its~~~~their~~ rules, guidance documents, and orders in contested cases ~~[unless otherwise protected by law]~~ available through electronic distribution ~~as well as through the regular mail unless exempt from disclosure under law other than this act. -~~

~~An agency shall make these materials available through regular mail upon request for which the agency may charge a reasonable fee.~~

(1) An agency may provide for electronic distribution of notices related to rulemaking or guidance documents to a persons who requests it. ~~it may substitute for mailed copies related to rulemaking or guidance documents.~~ If a notice is distributed electronically, the agency is not required to transmit the actual notice form but must send all the information contained in the notice.

(m) All agencies, through the office of [publisher], shall make available on the Internet website of the [publisher]:

- (1) notice of each proposed rule adoption, amendment, or repeal;
- (2) the summary of regulatory analysis of each proposed rule;
- (3) each adopted rule, rule amendment, or rule repeal;
- (4) each guidance document;
- (5) each notice; ~~and~~
- (6) each order in a contested ~~disputed~~ case ~~; and~~;
- (7) any other notice or matter that an agency is required to publish under this act.

(n) ~~The [publisher] may not charge a fee for public access to the~~ No fee may be charged  
~~for public access to the~~ [publisher]'s Internet website [or other appropriate technology].

1 This section seeks to assure adequate notice to the public of proposed agency action. It  
2 also seeks to assure adequate record keeping and availability of records for the public. Article 2  
3 is intended to provide easy public access to agency law and policy that are relevant to agency  
4 process. Article 2 also adds provisions for electronic publication of the administrative bulletin  
5 and code. Section 201 does not address the issue related to what languages rules should be  
6 published in, nor does it address issues related to translation of information contained in these  
7 documents into languages other than English.

8  
9 The arrival of the Internet and electronic information transfer, which occurred after the  
10 last revision of the Model State Administrative Procedure Act, has revolutionized  
11 communication. It has made available rapid, efficient and low cost communication and  
12 information transfer. Many states as well as the federal agencies have found that it is an ideal  
13 medium for communication between agencies and the public, especially in connection with  
14 rulemaking. Since the last Model Administrative Procedure Act was written, many states have  
15 adopted various types of statutes that permit agencies to use electronic technology to  
16 communicate with the public. The agencies have found this technology particularly useful in  
17 connection with rulemaking.

18  
19 Subsection (c) requires that the [publisher] maintain the official record for adopted rules,  
20 including the text of the rules and any supporting documents, filed by the agency. Subsection (c)  
21 also requires that the agency adopting the rule maintain the rulemaking record for that rule.  
22 Section 302(b) provides the requirements for the rulemaking record.

23  
24 ~~Bracketed S~~ubsection (d) requires the [publisher] to 1) maintain an Internet website, and  
25 2) publish all matters required to be published under this act ~~to be published~~ on that website. If a  
26 state chooses to use subsection (d), they will create a centralized website for use by all agencies.  
27 Subsection (d) also requires that the [publisher] publish agency guidance documents filed by the  
28 agency with the [publisher]. See section 202(4) and Section 310, below. Subsection (d) does not  
29 address issues related to authentication, preservation and archival storage of electronic  
30 documents published on an internet website. Subsection (d) does not address the principles for  
31 deciding what rules are in effect and enforceable at a specific point in time.

32  
33 Subsection (f) requires the publisher to make the administrative bulletin available in  
34 written form upon request, for which the publisher may charge a reasonable fee. This  
35 requirement can be satisfied by states making the administrative bulletin available on the  
36 internet, searchable, and printable.

37  
38 The bracketed text of subsection (g)(1), and (g) (2) is included so that agencies may  
39 utilize redlining or underlining and striking of the text of the proposed or adopted rules so that  
40 changes from the existing text of the rule are clearly delineated. Agencies that are proposing or  
41 adopting new rules or that have some other system for showing changes need not use the  
42 bracketed text.

43  
44 It is possible to go much further in providing for use of the Internet that the publication  
45 adopted here. For example, a state could choose to permit agencies to operate their own

1 websites, and to accept comments on rules on the website. They could also provide for  
2 maintenance of a database of all comments received that the public could access. These  
3 provisions are extremely useful, but may be quite expensive. The central system adopted here,  
4 means only one Internet website is required. In terms of cost benefit, this is an effective method  
5 of providing for electronic communication and agency access.

6  
7 Subsection (h) requires the publisher to index the administrative code by subject. States  
8 can satisfy this requirement by providing an administrative code that is searchable by word on  
9 the internet.

10  
11 Subsection (j) provides for a limited nonsubstantive power to edit agency rules provided  
12 that the agency is notified by the rules [publisher] of the changes. Subsection (j) is based on the  
13 Maine Administrative Procedure Act, 5 M.R.S.A. Section 8056(10).

14  
15 Subsections (k) and (l) are drawn from the Washington Administrative Procedure Act.  
16 See WA ST 34.05.260.  
17

## 18 **SECTION 202. REQUIRED AGENCY RULEMAKING AND**

19 **RECORDKEEPING.** In addition to any other rulemaking requirements imposed by law, each  
20 agency shall:

21 (1) adopt as a rule a description of its organization, stating the general course and  
22 method of its operations and the methods ~~by which~~whereby the public may obtain information or  
23 make submissions or requests;

24 (2) adopt as a rule the nature and requirements of all formal and informal procedures  
25 available, including a description of all forms and instructions used by the agency;

26 (3) adopt as a rule a description of the process for application for a license, available  
27 benefits, or other matters for which an application is appropriate, unless the process is prescribed  
28 by law other than this [act];

29 (4) issue rules for the conduct of public hearings [if the default procedural rules  
30 promulgated under Section 204 do not include provisions for the conduct of public hearings] .

31 (5) file with the publisher in electronic format acceptable to the publisher the agency's

1 ~~{proposed rules}~~; adopted rules, including rules adopted using the emergency process under  
2 Section 309(a) and rules adopted using the expedited process under Section 309(b)~~emergency-~~  
3 ~~rules; direct final rules~~; notices; and orders issued in contested cases ~~{unless otherwise protected~~  
4 ~~by law}~~ with the ~~{publisher} in electronic format acceptable to the {publisher}~~;

5 (6) [maintain a separate, official, current, and dated index and compilation of all rules  
6 adopted under [Article] 3, make the index and compilation available at agency offices for public  
7 inspection and copying [and online ~~on~~via the [publisher]'s Internet website], update the index  
8 and compilation at least every [30~~+~~ days], and file the index and the compilation and all changes  
9 to both with the [publisher];] and

10 (7) maintain [custody of] the agency's current rulemaking docket~~s~~ required by Section  
11 302(b).

## 12 **Comment**

13  
14 One object of this section is to make available to the public all procedures followed by  
15 the agency, including especially how to file for a license or benefit. It is modeled on the 1961  
16 Model State Administrative Procedure Act, Sections 2(a) (4) & 2(b), the 1981 Model State APA  
17 Sections 2-104(1),(2), and the Kentucky Administrative Procedure Act, KRS Section 13A.100.  
18 Persons seeking licenses or benefits should have a readily available and understandable reference  
19 sources from the agency. A second reason is to eliminate "secret law" by making all guidance  
20 documents used by the agency available from the agency ~~and the administrative {publisher}~~.

21  
22 Agencies could use expedited rulemaking procedures under Section 309(b) to adopt some  
23 of the rules required by subsections (1), (2), (3), and (4).  
24

## 25 **SECTION 203. DECLARATORY ORDER.**

26 (a) Any interested person may petition an agency for a declaratory order that states  
27 whether or in what manner a rule, guidance document, or order issued by the agency applies or  
28 does not apply to the petitioner.

29 (b) Each agency shall adopt rules prescribing the form of a petition for purposes of

1 subsection (a) and the procedure for its submission, consideration, and prompt disposition. The  
2 provisions of this [act] for formal, informal, or other applicable hearing procedure do not apply  
3 to an agency proceeding for a declaratory order, except to the extent provided in this [article] or  
4 to the extent the agency so provides by rule or order.

5 (c) Not later than ~~Within~~ 60 days after receipt of a petition pursuant to subsection (a), an  
6 agency shall issue a declaratory order in response to the petition, decline to issue a declaratory  
7 order, or schedule the matter for further consideration~~either decline to issue a declaratory order~~  
8 ~~or schedule the matter for hearing.~~

9 (d) If an agency declines to consider a petition submitted under subsection (a), it shall promptly  
10 notify in ~~writing [or in a record]~~ the ~~petitioner~~~~erson who filed the petition~~ of its decision and  
11 include a brief statement of the reasons for declining. An agency decision to decline to issue a  
12 declaratory order is judicially reviewable in court for abuse of discretion.

#### 14 **ALTERNATIVE 1**

15  
16 ~~An agency decision to decline to issue a declaratory order is not subject to judicial~~  
17 ~~review.~~

#### 18 **ALTERNATIVE 2**

19 ~~An agency decision to decline to issue a declaratory order is judicially reviewable in~~  
20 ~~court for abuse of discretion.~~

#### 21 **END OF ALTERNATIVES**

22 (e) If an agency issues a declaratory order, the order must contain the names of all  
23 parties to the proceeding, the particular facts on which it is based, and the reasons for the



1 agency's conclusion. A declaratory order has the same status and binding effect as an order  
2 issued in an adjudication. Declaratory orders are subject to judicial review under Section 501.

### 3 **Comment**

4  
5 This section embodies a policy of creating a convenient procedural device that will  
6 enable parties to obtain reliable advice from an agency. Such guidance is valuable to enable  
7 citizens to conform with agency standards as well as to reduce litigation. It is based on the 1981  
8 MSAPA, Section 2-103 and Hawaii Revised Statutes, Section 91-8.

9  
10 Subsection (d) states two alternatives: 1) agency decisions that decline to issue a  
11 declaratory order are not judicially reviewable (See Heckler v. Chaney 470 U.S. 821 (1985)  
12 (FDA decision not to undertake enforcement action is not reviewable under federal APA, 5  
13 U.S.C. Section 701(a)(2).); 2) agency decisions that decline to issue a declaratory order are  
14 judicially reviewable for abuse of discretion (See Massachusetts v. EPA 127 S. Ct. 1438 (2007)  
15 (EPA decision to reject rulemaking petition and therefore not to regulate greenhouse gases  
16 associated with global warming was judicially reviewable and decision was arbitrary and  
17 capricious.).

18  
19 Subsection (e) is based on the California APA, West's Ann.Cal.Gov.Code Section  
20 11465.60; and the Washington APA, West's RCWA 34.05.240. A declaratory decision issued  
21 by an agency is judicially reviewable; is binding on the applicant, other parties to that  
22 declaratory proceeding, and the agency, unless reversed or modified on judicial review; and has  
23 the same precedential effect as other agency adjudications. A declaratory decision, like other  
24 decisions, only determines the legal rights of the particular parties to the proceeding in which it  
25 was issued. The requirement in subdivision (e) that each declaratory decision issued contain the  
26 facts on which it is based and the reasons for its conclusion will facilitate any subsequent judicial  
27 review of the decision's legality. It also ensures a clear record of what occurred for the parties  
28 and for persons interested in the decision because of its possible precedential effect.

## 29 30 **[SECTION 204. DEFAULT PROCEDURAL RULES.**

31 (a) The [gGovernor] [aAttorney gGeneral] [designated state agency] shall adopt default  
32 procedural rules for use by agencies. The default rules must provide for the procedural functions  
33 and duties of as many agencies as is practicable.

34 (b) Except as otherwise provided in subsection (c), an agency ~~shall~~~~must~~ use the default  
35 procedural rules published under subsection (a).

36 (c) An agency may adopt a rule of procedure that differs from the default procedural

1 rules adopted under subsection (a) by adopting a rule that states with particularity the need and  
2 reasons for the variation from the default procedural rules.]

3 **Comment**

4 This Section is based on Section 2-105 of the 1981 MSAPA. See also the provisions of  
5 the California Administrative Procedure Act, California Government Code Section 11420.20  
6 (adoption of model alternative dispute resolution regulations by California Office of  
7 Administrative Hearings.) One purpose of this provision is to provide agencies with a set of  
8 procedural rules. This is especially important for smaller agencies. Another purpose of this  
9 section is to create as uniform a set of procedures for all agencies as is realistic, but to preserve  
10 the power of agencies to deviate from the common model where necessary because the use of the  
11 model rules is demonstrated to be impractical for that particular agency. This section requires all  
12 agencies to use the model rules as the basis for the rules that they are required to adopt under  
13 Section 202. An agency may deviate from the model rules only for impracticability.  
14

1  
2 [ARTICLE] 3

3 RULEMAKING; ADOPTION AND EFFECTIVENESS OF RULES  
4

5 SECTION 301. CURRENT RULEMAKING DOCKET.

6 (a) As used in this ~~section~~article, “rule” does not include a rule adopted using the  
7 emergency process under Section 309(a)~~an emergency rule adopted under Section 309(a)~~ or a  
8 rule adopted using the expedited process~~an expedited rule adopted~~ under Section 309(b).

9 (b) Each agency shall maintain a current rulemaking docket that is indexed.

10 (c) A current rulemaking docket must list each pending rulemaking proceeding. The  
11 docket must ~~state~~indicate or contain:

- 12 (1) the subject matter of the proposed rule;  
13 (2) notices related to the proposed rule;  
14 (3) where comments may be inspected;  
15 (4) the time within which comments may be made;  
16 (5) requests for public hearing;  
17 (6) appropriate information about a public hearing, if any, including the names of  
18 the persons making the request;  
19 (7) how comments may be made; and  
20 (8) the timetable for action.

21 ~~ALTERNATIVE 1~~

22 ~~(d) Regardless of whether an agency maintains a docket electronically, it must furnish a written~~  
23 ~~docket.~~

**ALTERNATIVE 2**

(d) Upon request, the agency shall provide a written docket.

**END OF ALTERNATIVES**

**Comment**

This section is modeled on Minn. M.S.A. Section 14.366. This section and the following section, Section 302 state the minimum docketing and rulemaking record keeping requirements for all agencies. This section also recognizes that many agencies use electronic recording and maintenance of dockets and records. However, for smaller agencies, the use of electronic recording and maintenance may not be feasible. This section therefore permits the use of exclusively written, hard copy dockets. The current rulemaking docket is a summary list of pending rulemaking proceedings or an agenda referring to pending rulemaking. This section includes expedited rules governed by Section 309.

**SECTION 302. AGENCY RECORD IN RULEMAKING PROCEEDING.**

(a) An agency shall maintain a rulemaking record for each rule it proposes to adopt. The record and materials incorporated by reference must be readily available for public inspection in the central office of ~~the~~an agency and available for public display on the internet website maintained by the [publisher], unless the record and materials are privileged or unavailable for display on the internet because it is exempt from disclosure under state law other than this [act], subject to state law [public records act] other than this [act], [or] subject to the Uniform Trade Secrets Act]. Where an agency determines, in its sound discretion, that any portions of the rulemaking record can not practicably be displayed or are inappropriate for public display on the internet, the agency shall describe the documents, and shall note in the public and internet record that these documents are not displayed or incapable of being displayed electronically, available for public display on the website maintained by the [publisher].

(b) A rulemaking record must contain:

(1) copies of all publications in the [administrative bulletin] with respect to the

1 rule or the proceeding upon which the rule is based;

2 (2) copies of any portions of the rulemaking docket containing entries relating to  
3 the rule or the proceeding upon which the rule is based;

4 (3) copies or an index of written factual material, studies, and reports relied on or  
5 seriously consulted by agency personnel in formulating the proposed or final rule~~all written or~~  
6 ~~electronic petitions, requests, submissions, and comments received by the agency and all other~~  
7 ~~written or electronic materials or records whether or not relied upon [or all relevant information~~  
8 ~~received by the agency in the rulemaking proceeding] by the agency in connection with the~~  
9 ~~proceeding upon which the rule is based;~~

10 (4) any official transcript of oral presentations made in the proceeding upon  
11 which the rule is based or, if not transcribed, any audio recording or verbatim transcript of those  
12 presentations, and any memorandum prepared by the agency official who presided over the  
13 hearing, summarizing the contents of those presentations;

14 (5) a copy of the rule and explanatory statement filed with the ~~in the office of the~~  
15 [publisher]; and

16 (6) all petitions for any agency action on the rule except for petitions governed  
17 by Section 203.

## 18 **Comment**

19  
20 Several states have adopted this type of agency rule-making record provisions: Az.,  
21 A.R.S. Section 41-1029; Colo., C.R.S.A. Section 24-4-103; Minn., M.S.A. Section 14.365;  
22 Miss., Miss. Code Ann. Section 25-43-3.110; Mont., MCA 2-4-402; Okl., 75 Okl.St. Ann.  
23 Section 302; and Wash., RCWA 34.05.370.

24  
25 The language of subsection (a) is based on Section 3-112(a) of the 1981 Model Act.  
26 Similar language is found in the Washington Administrative Procedures Act, RCWA Section  
27 34.05.370. The requirement of an official agency rulemaking record in subsection (a) should  
28 facilitate a more structured and rational agency and public consideration of proposed rules. It

1 will also aid the process of judicial review of the validity of rules. The requirement of an official  
2 agency rulemaking record was suggested for the Federal Act in S. 1291, the “Administrative  
3 Practice and Regulatory Control Act of 1979,” title I, Section 102(d), [5 U.S.C. 553(d) ], 96  
4 Cong.Rec. S7126 at S7129 (daily ed. Jun. 6, 1979) (Sen. Kennedy). The second sentence of  
5 subsection (a) is intended exclude privileged material from disclosure and display. Privileged  
6 materials includes confidential business information and trade secrets, as well as internal advice  
7 memoranda. The exemptions in the state open records laws would be examples of records and  
8 materials that are exempt from disclosure and display under law other than this act. The third  
9 sentence in subsection (a) is intended to enable an agency to decide, for example, that indecent  
10 material or copyrighted material should be available for inspection in hard copy but not posted  
11 on the internet. It is not intended to authorize exclusion from the internet record of, for example,  
12 information that reflects adversely on the government.”

13  
14 Subsection (b) requires *all written* submissions made to an agency and *all written*  
15 materials considered by an agency in connection with a rulemaking proceeding to be included in  
16 the record. It also requires a copy of any existing record of oral presentations made in the  
17 proceeding to be included in the rulemaking record. The language in Subsection (b)(3) is based  
18 on language adopted by the ABA. See ABA Section of Administrative Law and Regulatory  
19 Practice, “A Blackletter Statement of Federal Administrative Law,” 54 Admin. L. Rev. 1, 34  
20 (2002)

21  
22 **SECTION 303. Advanced Notice of Proposed Rulemaking; Negotiated Rulemaking**  
23 **~~ADVICE ON POSSIBLE RULE BEFORE NOTICE OF PROPOSED RULE~~**  
24 **~~ADOPTION.~~**

25 (a) An agency may gather information relevant to the subject matter of possible  
26 rulemaking and may solicit comments and recommendations from the public about that  
27 possibility by publishing an advance notice of proposed rulemaking in the on a subject matter of  
28 ~~possible rulemaking under active consideration within the agency by causing notice of possible~~  
29 ~~rulemaking on the subject matter to be published in the~~ [administrative bulletin] and indicating  
30 where, when, and how persons may comment.

31 (b) An agency may engage in negotiated rulemaking by appointing a committee to  
32 comment or ~~to~~ make recommendations on the subject matter of a possible rulemaking under  
33 active consideration within the agency. The committee may seek, in consultation with one or

1 more agency representatives, to reach a consensus on the terms or substance of a proposed rule.

2 In making the appointments, the agency shall seek to establish a balance in representation among  
3 interested stakeholders and the public. The agency shall publish a list of all committees with  
4 their membership at least [annually] in the [administrative bulletin]. Notice of meetings of  
5 committees appointed under this subsection shall be published in the [administrative bulletin] at  
6 least [15 days] ~~before~~ ~~prior~~ to the meeting. Meetings of committees appointed under this section  
7 ~~must~~ ~~shall~~ be open to the public.

8 (c) ~~Except as otherwise provided by law, nothing in this~~ ~~This~~ section ~~does not~~ prohibits  
9 agencies from obtaining information and opinions from members of the public on the subject of  
10 the rulemaking by any other method or procedure used in rulemaking.

#### 11 **Comment**

12  
13 This section is based upon the provisions of Section 3-101 of the 1981 MSAPA. Seeking  
14 advice before proposing a rule frequently alerts the agency to potential serious problems that will  
15 change the notice of proposed rulemaking and the rule ultimately adopted. This section is  
16 designed to encourage gathering information. It is not intended to prohibit any type of  
17 reasonable agency information gathering activities; however, the section seeks to insure that  
18 agencies act in a fashion that will result in a balance among interested groups from whom  
19 information is received.

20  
21 Several states have enacted provisions of this type in their APAs. Some of them merely  
22 authorize agencies to seek informal input before proposing a rule; several of them indicate that  
23 the purpose of this type of provision is to promote negotiated rulemaking. Those states are Idaho,  
24 I.C. § 67-5220; Minnesota, M.S.A. § 14.101; Montana, MCA 2-4-304; and Wisconsin, W.S.A.  
25 227.13. Subsection (b) is intended to authorize negotiated rulemaking.

26  
27 Subsection (c) authorizes agencies to use other methods to obtain information and  
28 opinions. Under subsection (c), agencies may meet informally with specific stakeholders to  
29 discuss issues raised in the negotiated rulemaking process. Negotiated rulemaking under  
30 subsection (b) is an option for agency use but is not required to be used prior to starting a  
31 rulemaking proceeding. Negotiated rulemaking committees are also used in federal  
32 administrative law. See the federal Negotiating Rulemaking Act, 5 U.S.C. Sections 561 to 570.  
33

#### 34 **SECTION 304. NOTICE OF PROPOSED RULE MAKING-ADOPTION.**

(a) At least [30] days before the adoption, amendment, or repeal of a rule, an agency shall ~~file with the [publisher] publish~~ notice of the proposed ~~action~~~~option~~ in the [administrative bulletin]. The notice ~~of the proposed adoption of a rule~~ must include:

- (1) a short explanation of the purpose of the proposed rule ~~proposed~~;
- (2) a citation or reference to the specific legal authority authorizing the proposed rule ~~proposed~~;
- ;
- (3) the text of the proposed rule-;
- ~~proposed~~;
- (4) ~~how where persons may obtain~~ copies of the full text of the regulatory analysis of the proposed rule may be obtained;
- ~~proposed~~; and
- (5) where, when, and how ~~a persons~~ may present their views on the proposed rule ~~proposed~~ and request an ~~hearing oral proceeding~~ thereon if one is not already provided.

(b) ~~Not later than~~~~Within~~ three days after publication of the notice of the proposed ~~rulemaking proposed adoption of a rule~~ in the [administrative bulletin], the agency shall mail or send electronically the notice ~~cause a copy of the notice to be mailed or sent electronically to~~ each person that has made a timely request to the agency for a mailed or electronic copy of the notice. An agency may charge a reasonable fee for ~~a person for the actual cost of providing~~ written mailed copies if the person has made a request for a mailed~~written~~ copy.

### Comment

Many states have similar provisions to provide notice of proposed rule~~making adoption~~ to the public. This section is based upon the provisions of Section 3-103 of the 1081 MSAPA. Rulemaking is defined in Section 102(28). Adoption of a rule is defined in Section 102(2) to



mean that adoption of a rule includes amendment or repeal, unless the context clearly indicates otherwise. ~~used when the agency has not adopted rules on the same subject. Amendment of a rule is used when the agency proposes to change the language of a previously adopted rule. Repeal of a rule is used when the agency proposes to repeal a previously adopted or amended rule.~~

## SECTION 305. REGULATORY ANALYSIS.

(a) An agency shall prepare a regulatory analysis for a proposed rule ~~proposed by the agency~~ ~~having an estimated economic impact of: (1) more than [\$ ]; (2) less than [\$ ];~~ ~~[Add to (a)] [An agency shall prepare a regulatory analysis for any rule proposed by the agency having an estimated economic impact of less than [\$ —], if, not later than within [20] days after the notice of the proposed rulemaking adoption of the rule is published, a written request for the analysis is filed with the agency by [the gGovernor] [,] [another agency] [,] [or] [a member of the Legislature].~~ ~~The agency shall then prepare a regulatory analysis of the proposed rule].~~

(b) ~~[An agency shall prepare a negative declaration statement statement of no estimated economic impact or no estimated fiscal impact for any rule proposed to be adopted , amended, or repealed by the agency the adoption, amendment, or repeal of which that has no economic or fiscal impact from adoption of the rule.]~~

(c) A regulatory analysis must contain:

(1) a description of any ~~persons or~~ classes of persons that would be affected by the proposed rule and the costs and benefits to that class of persons;

(2) an estimate of the probable impact, ~~economic and otherwise,~~ of the proposed rule upon affected classes;

(3) a comparison of the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction; and

(4) a determination of whether there are less costly or less intrusive methods for achieving the purpose of the proposed rule.

(5) "a citation to and summary of each scientific or statistical study, report, or analysis that served as a basis for the rule, together with an indication of how the full text may be obtained."

(d) An agency preparing a regulatory analysis under this section shall ~~also~~ prepare a concise summary of the regulatory analysis.

(e) An agency preparing a regulatory analysis under this section shall ~~file the analysis with the [publisher] in the manner provided in Section 315 [and~~ submit the analysis ~~it~~ to the [regulatory review agency] [department of finance and revenue] [other]].

(f) The agency preparing a concise summary of a regulatory analysis required under this section must file the concise summary with the publisher for publication ~~be published~~ in the [administrative bulletin] at least [20] days before the ~~earliest of:~~

~~(1)~~ the end of the period during which a ~~persons~~ may make written submissions on the proposed rule ~~proposed to be adopted;~~

~~(2) the end of the period during which an oral proceeding may be requested; or~~

~~(3) the date of any required oral proceeding on the rule proposed to be adopted.~~

### Comment

Regulatory analyses are widely used as part of the rulemaking process in the states. The subsection also provides for submission to the rules review entity in the state, if the state has one. States that already have regulatory analysis laws can utilize the provisions of Section 305 to the extent that this section is not inconsistent with existing law other than this act. Agencies may rely upon agency staff expertise and information provided by interested stakeholders and participants in the rulemaking process. Agencies are not required by this act to hire and pay for private consultants to complete regulatory impact analysis.

Subsection (c)(5) This language is adapted from N.Y. APA § 202-a. This language also

codifies requirements used in federal administrative law. In the federal cases, disclosure of technical information underlying a rule has been deemed essential to effective use of the opportunity to comment. See *American Radio Relay League v. FCC*, 2008 WL 1838387 (D.C. Cir. April 25, 2008); *Portland Cement Ass'n v. Ruckelshaus*, 486 F.2d 375 (D.C. Cir. 1973).

## SECTION 306. PUBLIC PARTICIPATION.

(a) For at least [30] days after publication of a notice of the proposed rulemaking ~~adoption of a rule~~, an agency shall allow a person~~s~~ to submit information and comment on the ~~proposed~~ a rule ~~proposed by the agency~~. The information or comments may be submitted electronically or in writing.

(b) The agency shall consider ~~fully~~ all information and comments submitted respecting a proposed rule ~~proposed to be adopted by the agency~~.

(c) Unless a ~~public~~ hearing is required by law other than this [act], an agency is not required to hold a ~~public~~ hearing on a proposed rule ~~proposed to be adopted~~. If an agency does hold a ~~public~~ hearing, the agency may allow a persons to make an oral presentation with - information and comments ~~about with respect to the rule orally~~. Hearings~~Oral proceedings~~ must be open to the public and ~~shall~~may be recorded.

(d) A ~~public~~ hearing on a proposed rule ~~proposed to be adopted~~ may not be held earlier than [30] days after notice of its location and time is published in the [administrative bulletin].

(e) An agency representative shall preside at a ~~public~~ hearing on a proposed rule ~~proposed to be adopted~~. If the presiding agency representative is not the agency head, the representative shall prepare a memorandum for consideration by the agency head summarizing the contents of the presentations made at the hearing~~oral proceeding~~.

### Comment

This section gives discretion to the agency about whether to hold an oral hearing on

1 proposed rules in the absence of a statutory or constitutional requirement that an oral hearing be  
2 held.  
3

#### 4 **SECTION 307. FINAL ADOPTION.**

5 (a) An agency may not adopt a rule until the period for submitting information or  
6 comments has expired and notice has been given under [Article] 7.

7 (b) ~~Not later than~~Within [180] days after the date of publication of the notice of  
8 proposed adoption ~~of the rule~~, the agency shall adopt ~~the~~ rule pursuant to the rulemaking  
9 proceeding or terminate the proceeding by publication of a notice to that effect in the  
10 [administrative bulletin]. The agency shall file adopted rules with the [publisher] within [ ]  
11 days after the date of adoption ~~of the rule~~.

12 (c) [With the approval of the ~~g~~Governor, an agency may obtain one extension of the  
13 period specified in subsection (b). The ~~g~~Governor, by executive order, may impose an extension  
14 of the period of [ ] days if there is a change in the rule from the rule initially proposed.]

15 (d) A rule not adopted ~~and~~ filed within the time limits set by this section is void.

#### 16 **COMMENT**

17 This section codifies the final adoption and filing for publication requirements for  
18 rulemaking that is subject to the procedures provided in sections 304 to 308 of this Act. Section  
19 702(a) of this act requires that the agency shall file a copy of the adopted amended or repealed  
20 rule with the rules review committee at the same time it is filed with the publisher. Subsection  
21 (d) provides that a rule that is not properly adopted and filed for publication has no legal effect.  
22

#### 23 **SECTION 308. VARIANCE BETWEEN PROPOSED RULE AND ADOPTED**

24 **RULE.** An agency may not adopt ~~a~~ rule that substantially differs from the rule proposed in the  
25 notice of proposed adoption ~~of a rule~~ on which the rule is based unless the rule being adopted ~~is~~  
26 ~~at~~the logical outgrowth of the rule proposed in the notice, as determined from consideration of the

1 extent to which:

2 (1) any persons affected by the adopted rule should have reasonably expected that the  
3 published proposed rule would affect the person's ~~their~~ interest;

4 (2) the subject matter of the adopted rule or the issues determined by that rule are  
5 different from the subject matter or issues involved in the published rule proposed to be adopted  
6 ; and

7 (3) the effects of the adopted rule differs from the effects of the rule proposed to be  
8 adopted or amended ~~rule had it been adopted instead.~~

#### 9 Comment

10  
11 This section draws upon provisions from several states. See Mississippi Administrative  
12 Procedure Act, Miss. Code Ann. Section 25-43-3.107 and the Minn. Administrative Procedure  
13 Act, M.S.A. Section 14.05. The following cases discuss and analyze the logical outgrowth test,  
14 and this section seeks to incorporate the factors identified in those cases. These judicial opinions  
15 also convey the wide acceptance and use of the logical outgrowth test in the states. *First Am.*  
16 *Discount Corp. v. Commodity Futures Trading Comm'n*, 222 F.3d 1008, 1015 (D.C.Cir.2000);  
17 *Arizona [publisher]. Serv. Co. v. EPA*, 211 F.3d 1280, 1300 (D.C.Cir.2000); *American Water*  
18 *Works Ass'n v. EPA*, 40 F.3d 1266, 1274 (D.C.Cir.1994); *Trustees for Alaska v. Dept. Nat.*  
19 *Resources*, \_\_\_AK\_\_\_, 795 P.2d 805 (1990); *Sullivan v. Evergreen Health Care*, 678 N.E.2d  
20 129 (Ind. App. 1997); *Iowa Citizen Energy Coalition v. Iowa St. Commerce Comm.* \_\_\_IA\_\_\_,  
21 335 N.W.2d 178 (1983); *Motor Veh. Mfrs. Ass'n v. Jorling*, 152 Misc.2d 405, 577 N.Y.S.2d 346  
22 (N.Y.Sup.,1991); *Tennessee Envir. Coun. v. Solid Waste Control Bd.*, 852 S.W.2d 893 (Tenn.  
23 App. 1992); *Workers' Comp. Comm. v. Patients Advocate*, 47 Tex. 607, 136 S.W.3d 643 (2004);  
24 *Dept. Of [publisher]. Svc. re Small Power Projects*, 161 Vt. 97, 632 A.2d 13 73 (1993); *Amer.*  
25 *Bankers Life Ins. Co. v. Div. of Consumer Counsel*, 220 Va. 773, 263 S.E.2d 867 (1980).  
26

#### 27 SECTION 309. EMERGENCY RULEMAKING ~~RULES~~; EXPEDITED 28 RULEMAKING.

29 (a) When an ~~If an~~ agency finds for good cause ~~that~~ an imminent peril to the public  
30 health, safety, or welfare, including the imminent ~~imminent~~ loss of federal funding for agency  
31 programs, requires the immediate adoption of a rule and states in a record its reasons for that

1 finding, the agency, without prior notice or hearing or upon any abbreviated notice and hearing  
2 that it finds practicable, may adopt ~~an emergency rule~~ without complying with Sections 304 to  
3 308. The adoption ~~An emergency rule~~ may be effective for not longer than [180] days  
4 [renewable once up to an additional [180] days]. The adoption ~~of an emergency rule~~ does not  
5 preclude adoption ~~of~~ an identical rule under Sections 304 through 308. The agency shall file  
6 under Section 315 ~~publish an emergency rule~~ not later than within [ ] days of the adoption under  
7 the subsection and shall ~~personally~~ notify persons ~~known to the agency who may be affected by~~  
8 ~~the emergency rule~~ ~~for who have requested notice~~ of rules related to that subject matter.

9 (b) If an agency proposes to adopt a rule and that action is expected to be  
10 noncontroversial, it may ~~use~~ adopt an expedited ~~process~~ rule in accordance with this subsection.  
11 ~~An expedited rule~~ adopted under this subsection ~~is subject to Sections 202 and 304, and~~ must be  
12 published in the [administrative bulletin] along with a statement by the agency that it does not  
13 expect the rule to be controversial ~~setting out the reasons for using expedited rulemaking.~~ If an  
14 objection to the use of the expedited rulemaking process is received within the public comment  
15 period from any person, the agency shall file notice of the objection with the ~~[[publisher]]~~ for  
16 publication in the [administrative bulletin] and may proceed with the normal rulemaking process  
17 specified in Sections 304 to 308 ~~set out in this [article]~~, with the initial publication of the  
18 ~~expedited~~ rule serving as the notice of the proposed adoption of a rule.

### 19 Comment

20  
21 This section is taken from the 1961 MSAPA, Section 3(2)(b), and the Virginia  
22 Administrative Procedure Act, Va. Code Ann. Section 2.2-4012.1. Some state courts have  
23 indicated that *any* exemption from rulemaking requirements must be strictly construed to be  
24 limited to an emergency or virtual emergency situation.

25  
26 Subsection (a) can be used to adopt program requirements necessary to comply with  
27 federal funding requirements, or to avoid suspension of federal funds for noncompliance with

1 program requirements.

2  
3 Subsection (b) is based upon a recommendation from the Administrative Conference of  
4 the United States. Direct final rulemaking has been recommended by the Administrative  
5 Conference of the United States [ACUS Recommendation 95-4, 60 Fed. Reg. 43110 (1995)].  
6 The study that provided the basis for the recommendation was prepared by Professor Ron Levin  
7 and has been published [Ronald M. Levin, "Direct Final Rulemaking" 64 George Washington  
8 Law Review 1 (1995)]. [However, recognizing that there may be a few other justifications for  
9 exemption, this section adopts a broader rule for matters that will be noncontroversial. Thus, a  
10 situation where the agency is merely making a stylistic correction or correcting an error that the  
11 agency believes is noncontroversial may be adopted without formal rulemaking procedures. See  
12 the VA Fast-Track Rule provision at Va. Code Ann. Section 2.2-4012.1.]  
13

14 In order to prevent misuse of this procedural device, noncontroversial rule promulgation  
15 requires the consent of elected officials, and may be prevented by the requisite number of  
16 persons filing objections.  
17

## 18 SECTION 310. GUIDANCE DOCUMENTS.

19 (a) An agency may issue a guidance document without following the procedures set  
20 forth in Sections 304 through 308. Guidance documents do not have the force of law and  
21 do not constitute an exercise of an agency's delegated authority, if any, to establish the  
22 rights or duties of any person.

23 ~~\_(a) An agency may issue a guidance document. An agency may not issue a guidance document~~  
24 ~~in place of a rule. A guidance documents does not have the force of law and may not prescribe~~  
25 ~~the rights and duties of persons subject to agency regulation under a delegation of authority to~~  
26 ~~that agency.~~

27 ~~(b) An agency need not follow the procedure set forth in Sections 304 through 308 to~~  
28 ~~issue a guidance document.—~~

29 ~~(c) A guidance document binds the agency, but is advisory to, and does not bind, any~~  
30 ~~other person.~~

31 (b) An agency that proposes to rely on a guidance document to the detriment of a

1 person in any administrative proceeding must afford that person a fair opportunity to  
2 contest the legality or wisdom of positions taken in the document. The agency may not use  
3 a guidance document to foreclose consideration of issues raised in the document.

4 ~~\_(d) A reviewing court may not give deference to a guidance document and shall~~  
5 ~~determine de novo the validity of a guidance document. A reviewing court may consider whether~~  
6 ~~the agency followed the guidance document and may [or must] enforce the guidance document~~  
7 ~~against the agency.~~

8 (c) A guidance document may contain binding instructions to agency staff members,  
9 provided that the agency's procedures also afford to affected persons, in compliance with  
10 subsection (b), an adequate opportunity to contest positions taken in the document at an  
11 appropriate stage in the administrative process.

12 ~~\_(e) Each agency shall publish all currently operative guidance documents and may file~~  
13 ~~the guidance document with the [publisher].~~

14 (d) When an agency proposes to act at variance with a position expressed in a  
15 guidance document, it shall provide a reasonable explanation for the departure. If  
16 affected persons may have reasonably relied on the agency's position, the explanation shall  
17 include a reasonable justification for the agency's conclusion that the need for the  
18 departure outweighs such persons' reliance interests.

19 (e) Each agency shall publish all currently operative guidance documents and may  
20 file the guidance document with the [publisher].

21 (f) Each agency shall maintain an index of all of its currently operative guidance  
22 documents, file the index with the [publisher] on or before January 1 of each year, make  
23 the index readily available for public inspection, and make available for public inspection



1 the full text of all guidance documents to the extent inspection is permitted by law. Upon  
2 request, an agency shall make copies of guidance indexes or guidance documents available  
3 without charge; at cost; or, where authorized by law, on payment of a reasonable fee. If  
4 any agency does not index a guidance document, the agency may not rely on that guidance  
5 document or cite it as precedent against any party to a proceeding, unless that party has  
6 actual and timely notice of the guidance document.

7 (g) A person may petition under section 317 to request an agency to adopt a rule in  
8 place of an existing guidance document.

9 (h) A person may petition an agency to revise or repeal an existing guidance  
10 document. Not later than [60] days after submission of such a petition, the agency shall: (1)  
11 revise or repeal the guidance document; (2) initiate a proceeding for the purpose of  
12 considering such a revision or repeal; or (3) deny the petition in a record and state its  
13 reasons for the denial.

14 ~~(f) Each agency shall maintain an index of all of its currently operative guidance~~  
15 ~~documents, file the index with the [publisher] on or before January 1 of each year, make the~~  
16 ~~index readily available for public inspection, and make available for public inspection the full~~  
17 ~~text of all guidance documents to the extent inspection is permitted by law. Upon request, an~~  
18 ~~agency shall make copies of guidance indexes or guidance documents available without charge,~~  
19 ~~at cost, or on payment of a reasonable fee. If any agency does not index a guidance document,~~  
20 ~~the burden of proof shall be upon the agency in any proceeding to establish that a party was not~~  
21 ~~entitled to rely upon the guidance document.~~

22 ~~(g) A person may petition an agency to convert a guidance document into a rule pursuant~~  
23 ~~to Section 317.~~

## Comment

This section seeks to encourage an agency to advise the public of its current opinions, approaches, and likely courses of action by using guidance documents (also commonly known as interpretive rules and policy statements). The section also recognizes agencies' need to promulgate such documents for the guidance of both its employees and the public. Agency law often needs interpretation, and agency discretion needs some channeling. The public needs to know the agency's opinion about the meaning of the law and rules that it administers. Increasing public knowledge and understanding reduces unintentional violations and lowers transaction costs. See Michael Asimow, "California Underground Regulations," 44 Admin. L. Rev. 43 (1992); Peter L. Strauss, "Publication Rules in the Rulemaking Spectrum: Assuring Proper Respect for an Essential Element," 53 Admin. L. Rev. 803 (2001). This section strengthens agencies' ability to fulfill these legitimate objectives by excusing them from having to comply with the full range of rulemaking procedures before they may issue these nonbinding statements. At the same time, the section incorporates safeguards to ensure that agencies will not use guidance documents in a manner that would undermine the public's interest in administrative openness and accountability.

Four states have adopted detailed provisions regulating guidance documents in their administrative procedure acts. See Ariz. Rev. Stat. Ann. §§ 41-1001, 41-1091; Mich. Comp. Laws §§ 24.203, 24.224; Va. Code Ann. § 2.2-4008; Wash. Rev. Code Ann. § 34.05.230. This section draws upon those provisions, and also upon requirements and recommendations issued by federal authorities and the American Bar Association.

~~This section draws upon the provisions of the Arizona, Michigan, Virginia, and Washington Administrative Procedure Acts. See: A.R.S. § 41-1001 & A.R.S. § 41-1091; M.C.L.A. 24.203 & M.C.L.A. 24.224; Va. Code Ann. Section 2.2-4008; and WA RCWA § 34.05.230.~~

~~This section seeks to encourage an agency to advise the public of its current opinions, approaches, and likely courses of action by means of guidance documents. This section also recognizes the need for guidance documents that an agency will prepare 1) as a guide to its employees and 2) as a guide to the public. Agency law often needs interpretation, and agency discretion needs some channeling. The public needs to know the agency opinion about the meaning of the law and rules that it administers. Increasing public knowledge and understanding reduces unintentional violations and lowers transaction costs. See Michael Asimow, *California Underground Regulations*, 44 Admin. L. Rev. 43 (1992); Peter Strauss, *The Rulemaking Continuum*, 44 Duke L. J. 1463 (1992). Excusing the agency from full procedural rulemaking for guidance documents furnishes a powerful economic incentive for agencies to use these devices to inform their employees and the public.~~

Subsection (a) exempts guidance documents from the procedures that are required for issuance of rules. Many states have recognized the need for this type of exemption in their administrative procedure statutes. These states have defined guidance documents—or interpretive rules and policy statements—differently from rules, and have also excused agencies

1 creating them from some or all of the procedural requirements for rulemaking. See Ala. Code §  
2 41-22-3(9)(c) (“memoranda, directives, manuals, or other communications which do not  
3 substantially affect the legal rights of, or procedures available to, the public”); Colo. Rev. Stat. §  
4 24-4-102(15), 24-4-103(1) (exception for interpretive rules or policy statements “which are not  
5 meant to be binding as rules”); *AMAX, Inc. v. Grand County Bd. of Equalization*, 892 P.2d 409,  
6 417 (Colo. Ct. App. 1994) (assessors’ manual is interpretive rule); Ga. Code Ann. § 50-13-4  
7 (“Prior to the adoption, amendment, or repeal of any rule, *other than interpretive rules or*  
8 *general statements of policy*, the agency shall [follow notice-and-comment procedure]”) (emphasis added); Mich. Comp. Laws § 24.207(h) (defining “rule” to exclude “[a] form with  
9 instructions, an interpretive statement, a guideline, an informational pamphlet, or other material  
10 that in itself does not have the force and effect of law but is merely explanatory”); Wyo. Stat.  
11 Ann. § 16-3-103 (“Prior to an agency’s adoption, amendment or repeal of all rules *other than*  
12 *interpretative rules or statements of general policy*, the agency shall . . .”) (emphasis added); *In re GP*, 679 P.2d 976, 996-97 (Wyo. 1984). See also Michael Asimow, “Guidance Documents in  
13 the States: Toward a Safe Harbor,” 54 Admin. L. Rev. 631 (2002) (estimating that more than  
14 thirty states have relaxed rulemaking requirements for agency guidance documents such as  
15 interpretive and policy statements). The federal Administrative Procedure Act draws a similar  
16 distinction. See 5 U.S.C. § 553(b)(A) (exempting “interpretative rules [and] general statements  
17 of policy” from notice-and-comment procedural requirements).

21 The second sentence of subsection (a) sets forth the fundamental proposition that a  
22 guidance document, in contrast to a rule, lacks the force of law. Many state and federal  
23 decisions recognize the distinction. See, e.g., *Brock v. Cathedral Bluffs Shale Oil Co.*, 796 F.2d  
24 533  
25 (D.C. Cir. 1986); *District of Columbia v. Craig*, 930 A.2d 946, 968-69 (D.C. 2007); *Clonlara v.*  
26 *State Bd. of Educ.*, 501 N.W.2d 88, 94 (Mich. 1993); *Penn. Human Relations Comm’n v.*  
27 *Norristown Area School Dist.*, 374 A.2d 671, 678 (Pa. 1977).

29 ~~Many states have recognized the need for this type of exemption in their statutes. They~~  
30 ~~are also referred to as interpretive statements or policy statements. These states have defined~~  
31 ~~interpretive and policy statements differently from rules, and also excused agencies creating~~  
32 ~~them from some or all of the procedural requirements for rulemaking. See Ala. Ala. Code~~  
33 ~~Section 41-22-3(9)(c) (2000) (“memoranda, directives, manuals, or other communications which~~  
34 ~~do not substantially affect the legal rights of, or procedures available to, the public.”); Colo.~~  
35 ~~Colo. Rev. Stat. Section 24-4-102(15), 24-4-103(1) (exception for interpretive rules or policy~~  
36 ~~statements “which are not meant to be binding as rules”); *AMAX, Inc. v. Grand County Bd. of*~~  
37 ~~*Equalization*, 892 P.2d 409, 417 (Colo. Ct. App. 1994) (assessors’ manual is interpretive rule)~~  
38 ~~(2001); Ga. Ga. Code Ann., Section 50-13-4 (“Prior to the adoption, amendment, or repeal of~~  
39 ~~any rule, other than interpretive rules or general statements of policy, the agency shall”)~~  
40 ~~(emphasis added); Mich. M.C.L.A. 24.207(h) (excepts “A form with instructions, an interpretive~~  
41 ~~statement, a guideline, an informational pamphlet, or other material that in itself does not have~~  
42 ~~the force and effect of law but is merely explanatory.”). Wyoming, WY ST Section 16-3-103~~  
43 ~~(“Prior to an agency’s adoption, amendment or repeal of all rules *other than interpretative rules*~~  
44 ~~*or statements of general policy*, the agency shall”) (emphasis added) and see *In re GP*, 679 P.2d~~  
45 ~~976, 996-97 (Wyo. 1984). See also, Michael Asimow, *Guidance Documents in the States:*~~

1 ~~*Toward a Safe Harbor*, 54 Admin. L. Rev. 631(2002). (Professor Asimow estimates that more~~  
2 ~~than thirty states have adopted some provision for agency guidance documents such as~~  
3 ~~interpretive and policy statements).~~

4  
5 ~~Four states in particular have adopted detailed provision for guidance documents. They~~  
6 ~~are: Arizona, Michigan, Virginia, and Washington. See: A.R.S. § 41-1001 & A.R.S. § 41-1091;~~  
7 ~~M.C.L.A. 24.203 & M.C.L.A. 24.224; Va. Code Ann. Section 2.2-4008; and WA RCWA §~~  
8 ~~34.05.230. Their provisions strike a balance between the need of agencies for guidance~~  
9 ~~documents and the need of the public to be protected from “secret” law or law adopted without~~  
10 ~~the procedural protections of rulemaking. This section seeks to strike the same balance.~~

11  
12 ~~This section seeks to provide protection from abuse of guidance documents by various~~  
13 ~~definitional and procedural measures. One measure not provided is a requirement of a notice on~~  
14 ~~all guidance documents that informs members of the public of the right to petition the agency to~~  
15 ~~convert the guidance document to a rule. Only one state, Arizona, has adopted this measure.~~  
16 ~~See A.R.S. § 41-1091. Because of the numerous other protections in this section, that measure~~  
17 ~~has not been included.~~

18  
19 Subsection (b) requires an agency to allow affected persons to challenge the legality or  
20 wisdom of guidance documents when it seeks to rely on such documents to their detriment. In  
21 effect, this subsection prohibits an agency from treating guidance documents as though they  
22 were rules. Because rules have the force of law (i.e., are binding), an agency need not respond to  
23 criticisms of their legality or wisdom during an adjudicative proceeding; the agency would be  
24 obliged in any event to adhere to them until such time as they have been lawfully rescinded or  
25 invalidated. In contrast, a guidance document is not binding. Therefore, when affected persons  
26 seek to contest a position expressed in a guidance document, the agency may not treat the  
27 document as determinative of the issues raised. See Recommendation 120C of the American Bar  
28 Association, 118-2 A.B.A. Rep. 57, 380 (August 1993) (“When an agency proposes to apply a  
29 nonlegislative rule . . . , it [should] provide affected private parties an opportunity to challenge  
30 the wisdom or legality of the rule [and] not allow the fact that a rule has already been made  
31 available to the public to foreclose consideration of [their] positions”).

32  
33 An integral aspect of a fair opportunity to challenge a guidance document is the agency’s  
34 responsibility to respond reasonably to arguments made against the document. Thus, when  
35 affected persons take issue with propositions expressed in a guidance document, the agency  
36 “must be prepared to support the policy just as if the [guidance document] had never been  
37 issued.” *Pacific Gas & Elec. Co. v. FPC*, 506 F.2d 33, 38 (D.C. Cir. 1974); see *Center for Auto*  
38 *Safety v. NHTSA*, 452 F.3d 798, 807 (D.C. Cir. 2006); *Professionals and Patients for*  
39 *Customized Care v. Shalala*, 56 F.3d 592, 596 (5th Cir. 1995); *American Mining Cong. v.*  
40 *MSHA*, 995 F.2d 1106, 1111 (D.C. Cir. 1993).

41  
42 An agency may not, therefore, treat its prior promulgation of a guidance document as a  
43 justification for not responding to arguments against the legality or wisdom of the positions  
44 expressed in such a document. *Flagstaff Broadcasting Found. v. FCC*, 979 F.2d 1566 (D.C. Cir.  
45 1992); *Bechtel v. FCC*, 957 F.2d 873 (D.C. Cir. 1992); *Giant Food Stores, Inc. v.*

1 Commonwealth, 713 A.2d 177, 180 (Pa. Cmwlth. 1998); Agency Policy Statements,  
2 Recommendation 92-2 of the Admin. Conf. of the U.S. (ACUS), 57 Fed. Reg. 30,103 (1992), ¶  
3 II.B. An agency may, however, refer to a guidance document during a subsequent administrative  
4 proceeding and rely on its reasoning, if it also recognizes that it has leeway to depart from the  
5 positions expressed in the document. See, e.g., Steeltech, Ltd. v. USEPA, 273 F.3d 652, 655-56  
6 (6th Cir. 2001) (upholding decision of ALJ who “expressly stated that the [guidance document]  
7 was not a rule and that she had the discretion to depart from [it], if appropriate,” but who adhered  
8 to the document upon determining “that the present case does not present circumstances that  
9 raise policy issues not accounted for in the [document]”); Panhandle Producers & Royalty  
10 Owners Ass’n v. Econ. Reg. Admin., 847 F.2d 1168, 1175 (5th Cir. 1988) (agency “responded  
11 fully to each argument made by opponents of the order, without merely relying on the force of  
12 the policy statement,” but was not “bound to ignore [it] altogether”); American Cyanamid Co. v.  
13 State Dep’t of Envir. Protection, 555 A.2d 684, 693 (N.J. Super. 1989) (rejecting contention that  
14 agency had treated a computer model as a rule, because agency afforded opposing party a  
15 meaningful opportunity to challenge the model’s basis and did not apply the model uniformly in  
16 every case). See generally John F. Manning, “Nonlegislative Rules,” 72 Geo. Wash. L. Rev.  
17 893, 933-34 (2004); Ronald M. Levin, “Nonlegislative Rules and the Administrative Open  
18 Mind,” 41 Duke L.J. 1497 (1992). The relevance of a guidance document to subsequent  
19 administrative proceedings has been compared with that of the agency’s adjudicative precedents.  
20 See subsection (d) infra.

21  
22 What constitutes a fair opportunity to contest a policy statement within an agency will  
23 depend on the circumstances. See ACUS Recommendation 92-2, supra, ¶ II.B. (“[A]ffected  
24 persons should be afforded a fair opportunity to challenge the legality or wisdom of [a policy  
25 statement] and suggest alternative choices in an agency forum that assures adequate  
26 consideration by responsible agency officials,” preferably “at or before the time the policy  
27 statement is applied to [them]”). Affected persons’ right to a meaningful opportunity to be heard  
28 on the issues addressed in guidance documents must be reconciled with the agency’s interest in  
29 being able to set forth its interpretations and policies for the guidance of agency personnel and  
30 the public without undue impediment. An agency may use its rulemaking authority to set forth  
31 procedures that it believes will provide affected persons with the requisite opportunity to be  
32 heard. To the extent that these procedures survive judicial scrutiny for compliance with the  
33 purposes of this subsection (b), the agency will thereafter be able to rely on established practice  
34 and precedent in determining what hearing rights to afford to persons who may be affected by its  
35 guidance documents. As new fact situations arise, however, courts should be prepared to  
36 entertain contentions that procedures that have been upheld in past cases did not, or will not,  
37 afford a meaningful opportunity to be heard to some persons who may wish to challenge the  
38 legality or wisdom of a particular guidance document.

39  
40 Subsection (c) permits an agency to issue mandatory instructions to agency staff  
41 members, typically those who deal with members of the public at an early stage of the  
42 administrative process, provided that affected persons will have a fair opportunity to contest the  
43 positions taken in the guidance document at a later stage. See Office of Management and  
44 Budget, Final Bulletin for Agency Good Guidance Practices, 72 Fed. Reg. 3432 (2007), §  
45 II(2)(h) (significant guidance documents shall not “contain mandatory language . . . unless . . .

1 the language is addressed to agency staff and will not foreclose agency consideration of positions  
2 advanced by affected private parties”); ACUS Recommendation 92-2, *supra*, ¶ III (an agency  
3 should be able to “mak[e] a policy statement which is authoritative for staff officials in the  
4 interest of administrative uniformity or policy coherence”). For example, an agency manual  
5 might prescribe requirements that are mandatory for low-level staff, leaving to higher-ranking  
6 officials the discretion to depart from the interpretation or policy stated in the manual. The  
7 question of what constitutes an adequate opportunity to be heard may vary among agencies or  
8 programs. In some programs, centralization of discretionary authority may be a necessary  
9 concession to “administrative uniformity or policy coherence”; in other programs, the obligation  
10 to proceed through multiple stages of review might be considered so burdensome as to deprive  
11 members of the public of a meaningful opportunity to obtain agency consideration of whether  
12 the guidance document should apply to their particular situations. The touchstone in every case  
13 is whether the opportunity to be heard prescribed by subsection (b) remains realistically  
14 available to affected persons.

15  
16 Subsection (d) is based on a similar provision in ABA Recommendation No. 120C,  
17 *supra*. It is in accord with general principles of administrative law, under which an agency’s  
18 failure to reasonably explain its departure from established policies or interpretations renders its  
19 action arbitrary and capricious on judicial review. See § 509(a)(3)(H) [Alternative 2] (court may  
20 grant relief against agency action other than a rule if it is “inconsistent with the agency’s prior  
21 practice or precedent, unless the agency has stated credible reasons sufficient to indicate a fair  
22 and rational basis for the inconsistency”); 1981 MSAPA § 5-116(c)(8)(iii) (equivalent  
23 provision); *Yale-New Haven Hospital v. Leavitt*, 470 F.3d 71, 79-80 (2d Cir. 2006). It has been  
24 said that a guidance document should constrain subsequent agency action in the same manner  
25 that the agency’s adjudicative precedents do. See Peter L. Strauss, “The Rulemaking  
26 Continuum,” 41 *Duke L.J.* 1463, 1472-73, 1486 (1992) (cited with approval on this point in  
27 *United States v. Mead Corp.*, 533 U.S. 218, 232 (2001)); see also Manning, *supra*, at 934-37.

28  
29 One purpose of this subsection is to protect the interests of persons who may have  
30 reasonably relied on a guidance document. An agency that acts at variance with its past  
31 practices may be held to have acted in an arbitrary and capricious manner if the unfairness to  
32 regulated persons outweighs the government’s interest in applying its new view to those persons.  
33 *Heckler v. Community Health Servs.*, 467 U.S. 51, 61 (1984) (“an administrative agency may  
34 not apply a new [case law] rule retroactively when to do so would unduly intrude upon  
35 reasonable reliance interests”); *Miguel-Miguel v. Gonzales*, 500 F.3d 941, 951 (9th Cir. 2007);  
36 *Epilepsy Found. v. NLRB*, 268 F.3d 1095, 1102 (D.C. Cir. 2001); *Microcomputer Tech. Inst. v.*  
37 *Riley*, 139 F.3d 1044, 1050 (5th Cir. 1998). Accordingly, where persons may have justifiably  
38 relied on a guidance document, the agency’s explanation for departing from the position taken in  
39 that document should ordinarily include a reasonable justification for the decision to override  
40 their reliance interests.

41  
42 The first two sentences of subsection (f) are based directly on Va. Code Ann. § 2.2-4008.  
43 Similar provisions have been adopted in Arizona and Washington. See *Ariz. Rev. Stat. Ann.* §  
44 41-1091; *Wash. Rev. Code Ann.* § 34.05.230(3)-(4).



1        The last sentence of the subsection is based on the federal APA. See 5 U.S.C. §  
2 552(a)(2); Smith v. NTSB, 981 F.2d 1326 (D.C. Cir. 1993). Subject to harmless error principles,  
3 see § 509(b), a court may invoke the sanction prescribed in this section without necessarily  
4 concluding that the party against whom the document is cited has valid objections to the  
5 substance of the document.

6  
7        ~~The federal Administrative Procedure Act also makes a similar distinction. See 5 U.S.C.~~  
8 ~~Section 553(b)(A) (1988) (Under this section “interpretative rules, general statements of policy,~~  
9 ~~or rules of agency organization, procedure, or practice” are excused from normal Section 553-~~  
10 ~~notice and comment procedural requirements).~~

11  
12        ~~Subsection (d) provides for de novo judicial review of the validity of guidance~~  
13 ~~documents. Under this standard, also known as the independent judgment or the substituted~~  
14 ~~judgment standard, reviewing courts considering the validity of guidance documents will not~~  
15 ~~defer to the agency interpretation contained in the guidance document. Subsection (d) also~~  
16 ~~contains provisions addressing reliance interests of persons who follow the provisions of agency~~  
17 ~~guidance documents. If an agency fails to follow the provisions of the guidance document, the~~  
18 ~~reviewing court may apply principles of equitable estoppel to preclude the agency from a change~~  
19 ~~in position that causes detrimental reliance to the affected person. Equitable estoppel is generally~~  
20 ~~not recognized in federal administrative law (Office of Personnel Management v. Richmond~~  
21 ~~(1990) 496 U.S. 414) unless a due process of law fair notice standard is violated (General~~  
22 ~~Electric Co., v. EPA, 53 Fed. 3d 1324 (DC Cir.1995). Equitable estoppel is more widely~~  
23 ~~recognized in state administrative law (Footes Dixie Dandy, Inc. v. McHenry, 607 S. W. 2d 323~~  
24 ~~(Ark. 1980); Lentz v. McMahon, 49 Cal. 3d 393, 406-407, 777 P. 2d 83 (Cal. 1989). There is a~~  
25 ~~balance between encouraging or requiring agencies to issue guidance documents that provide~~  
26 ~~advice to members of the public and holding agencies responsible for mistaken advice that~~  
27 ~~persons reasonable rely upon to their detriment.~~

28  
29        Subsection (g) is based on Wash. Rev. Code Ann. § 34.05.230(2), which provides for  
30 petitions “requesting the conversion of interpretive and policy statements into rules.” However,  
31 it is phrased more generally than the Washington provision, because an agency that receives a  
32 rulemaking petition will not necessarily wish to “convert” the existing guidance document into a  
33 rule without any revision. Knowing that it will now be speaking with the force of law, in a  
34 format that would be more difficult to alter than a guidance document is, the agency might prefer  
35 to adopt a rule that is narrower than, or otherwise differently phrased than, the guidance  
36 document that it would replace. In any event, the agency will, as provided in section 317, need  
37 to explain any rejection of the petition, whether in whole or in part, and such a rejection will be  
38 judicially reviewable to the same extent as other actions taken under that section.

39  
40        Subsection (h) extends the principles of section 317 by allowing interested persons to  
41 petition an agency to revise or repeal an existing guidance document. Thus, while this Act does  
42 not require an agency to obtain the views of the public before issuing a guidance document, this  
43 subsection provides a procedure by which members of the public may bring their views  
44 regarding an existing guidance document to the agency’s attention and request that the agency  
45 take account of those views. This process may be of particular importance to persons who are

1 indirectly affected by a guidance document (such as persons who stand to benefit from the  
2 underlying regulatory program) but are unlikely to be the targets of an enforcement action in  
3 which they could challenge the legality or wisdom of the document under subsection (b). See  
4 Nina A. Mendelson, “Regulatory Beneficiaries and Informal Agency Policymaking,” 92 Cornell  
5 L. Rev. 397, 438-44 (2007); see also ACUS Recommendation No. 76-5, 41 Fed. Reg. 56,769  
6 (1976) (noting that section 553(e) of the federal APA “allow[s] any person to petition at any time  
7 for the amendment or repeal of . . . an interpretive rule or statement of general policy”).  
8

9 The subsection requires an agency to respond to the petition in [sixty] or fewer days. An  
10 agency that is not prepared to revise or repeal the guidance document within that time period  
11 may initiate a proceeding for the purpose of giving the matter further consideration. This  
12 proceeding can be informal; the notice and comment requirements of Sections 304 through 308  
13 are inapplicable to it, because those sections deal with rules rather than guidance documents.  
14 The agency may, however, voluntarily solicit public comments on issues raised by the petition.  
15 Cf. ACUS Recommendation 76-5, supra, ¶ 2. This section does not prescribe a time period  
16 within which the agency must complete the proceeding, but judicial intervention to compel  
17 agency action “unlawfully withheld or unreasonably delayed” may be sought in an appropriate  
18 case. § 501(a). If the agency declines to revise or repeal the guidance document, within the  
19 [sixty] day period or otherwise, it must explain its decision. Denials of petitions under this  
20 subsection, like denials of petitions for rulemaking under section 317, are reviewable for abuse  
21 of discretion, and the agency’s explanation will provide a basis for any judicial review of the  
22 denial.  
23

24 **SECTION 311. CONTENTS OF RULE.** Each rule filed by the agency with the  
25 [publisher] under Section 315~~adopted by an agency~~ must contain the text of the rule and be  
26 accompanied by a record containing:

- 27 (1) the date the agency adopted the rule;
- 28 (2) a statement of the purpose of the rule adopted;
- 29 ~~(3) a reference to all rules repealed or amended by the rule;~~
- 30 ~~(3)(4)~~ a reference to the specific statutory or other authority authorizing the action~~rule~~;
- 31 ~~(45)~~ any findings required by any provision of law as a prerequisite to adoption or  
32 effectiveness of the action~~rule~~;
- 33 ~~(56)~~ the effective date of the action~~rule~~;
- 34 ~~(67)~~ the concise explanatory statement required by Section 312; and



(78) ~~any~~the final regulatory analysis statement required by Section 305.

## SECTION 312. CONCISE EXPLANATORY STATEMENT.

(a) At the time it adopts ~~a~~ rule, an agency shall issue a concise explanatory statement containing:

(1) the agency's reasons for ~~the action~~adopting the rule, which must include an explanation of the principal reasons for and against the adoption of the rule, the agency's reasons for overruling substantial arguments and considerations made in testimony and comments, and its reasons for failing to consider any issues fairly raised in testimony and comments; and

(2) the reasons for any substantial change between the text of the proposed rule contained in the published notice of the proposed adoption ~~of~~ the rule and the text of the rule as finally adopted.

(b) ~~An agency may use~~Only the reasons contained in the concise explanatory statement required by subsection (a) ~~may be used by an agency~~ as justification for the adoption ~~of~~ the rule in any proceeding in which ~~the~~its validity of the action is at issue.

### Comment

Many states have adopted the requirement of a concise explanatory statement. Arkansas (A.C.A. Section 25-15-204) and Colorado (C.R.S.A. Section 24-4-103) have similar provisions. The federal Administrative Procedure Act uses the identical terms in Section 553 (c) (5 U.S.C.A. Section 553). This provision also requires the agency to explain why it rejected substantial arguments made in comments. Such explanation helps to encourage agency consideration of all substantial arguments and fosters perception of agency action as not arbitrary.

SECTION 313. INCORPORATION BY REFERENCE. ~~A rule may~~ agency may  
~~adopt a rule that it~~ incorporates by reference all or any part of a code, standard, or rule that has  
been adopted by an agency of the United States, this state, another state, or by a nationally  
recognized organization or association, if:

(1) incorporation of the text of the code, standard, or rule in the rule would be unduly cumbersome, expensive, or otherwise inexpedient;

(2) the reference in the ~~agency~~ rules fully identifies the incorporated code, standard, or rule by citation, location, and date, and states whether the rule includes~~must state that the rule does not include~~ any later amendments or editions of the incorporated code, standard, or rule;

(3) the code, standard, or rule is readily available to the public in written or electronic format;

(4) the rule states where copies of the code, standard, or rule are available for a reasonable charge at cost from the agency ~~adopting~~issuing the rule and where copies are available from the agency of the United States, this state, another state, or the organization or association originally issuing the code, standard, or rule; and

(5) The agency maintains a copy of the code, standard, or rule readily available for public inspection at the agency office.

#### Comment

Several states have provisions that require the agencies to retain the voluminous technical codes. See, Alabama, Ala.Code 1975 Section 41-22-9; Michigan, M.C.L.A. 24.232; and North Carolina, N.C.G.S.A. § 150B-21.6. To avoid the problems created by those retention provisions, but to assure that these technical codes are available to the public, this section adopts several specific procedures. One protection is to permit incorporating by reference only codes that are readily available from the outside promulgator, and that are of limited public interest as determined by a source outside the agency. See Wisconsin, W.S.A. 227.21. These provisions will guarantee that important material drawn from other sources is available to the public, but that less important material that is freely available elsewhere does not have to be retained.

#### **SECTION 314. COMPLIANCE; EXEMPT RULES ~~AND TIME LIMITATION~~.**

(a) An action taken under this [article] including a rule adopted using the emergency process under Section 309(a), or the expedited process under Section 309(b) is not valid unless

1 ~~taken in No rule adopted under this [act], including an emergency rule under Section 309(a) and~~  
2 ~~an expedited rule under Section 309(b), is valid unless adopted in~~ substantial compliance with  
3 the procedural requirements of this [~~article~~~~aet~~].

4 (b) Except as otherwise provided by law other than this act, this article does not apply to

5 (1) statements concerning only the internal management of an agency and not  
6 affecting private rights or procedures available to the public;

7 (2) an intergovernmental or interagency memorandum, directive, or  
8 communication that does not affect the rights of, or procedures and practices available to, the  
9 public;

10 (3) an opinion of the attorney general;

11 (4) a statement that establishes criteria or guidelines to be used by the staff of an  
12 agency in performing audits, investigations, or inspections, settling commercial disputes,  
13 negotiating commercial arrangements, or in the defense, prosecution, or settlement of cases, if  
14 disclosure of the criteria or guidelines would enable law violators to avoid detection, facilitate  
15 disregard of requirements imposed by law, or give a clearly improper advantage to persons that  
16 are in an adverse position to the state; or

17 (5) forms developed by an agency to implement or interpret agency law or  
18 policy.

19 ~~A proceeding to contest any rule on the ground of noncompliance with the procedural~~  
20 ~~requirements of this [act] must be commenced within two years from the effective date of the~~  
21 ~~rule.~~

## 22 **Comment**

23 This section is a slightly modified form of the 1961 Model State Administrative  
24

1 Procedure Act, section (3)(c). See also section 3-113(~~ab~~) and section 3-116 of the 1981 Model  
2 State Administrative Procedures Act. Section 504(a) governs the timing of judicial review  
3 proceedings to contest any rule on the ground of noncompliance with the procedural  
4 requirements of this [act]. The scope of challenges permitted under Section 504(a)~~this section~~  
5 includes all applicable requirements of article 3 for the type of rule being challenged.  
6

7 **SECTION 315. FILING OF RULES.** An agency shall file in written and electronic  
8 format with the [publisher] each rule it adopts, ~~including an emergency rule adopted~~ under  
9 Section 309(a) ~~or and an expedited rule~~ under Section 309(b), and all rules existing on [the  
10 effective date of this [act]] that have not previously been filed. ~~The agency shall also file a rule~~  
11 ~~under this section as an electronic record.~~ The filing must be done as soon after adoption of the  
12 rule as practical. The [publisher] shall affix to each rule and statement a certification of the time  
13 and date of filing and keep a permanent register open to public inspection of all filed rules and  
14 attached concise explanatory statements. In filing a rule, each agency shall use a standard form  
15 prescribed by the [publisher].

#### 16 **Comment**

17 This section is based on the 1961 Model State Administrative Procedure Act, Section  
18 4(a) and its expansion in the 1981 MSAPA, Section 3-114.  
19

#### 20 **SECTION 316. EFFECTIVE DATE OF RULES.**

21 (a) Except as otherwise provided in subsection (b), (c), or (d), [unless disapproved by the  
22 rules review committee] or [withdrawn by the agency under Section 703]~~each rule adopted~~  
23 after [the effective date of this [act]] each rule adopted, and the repeal of a rule, becomes  
24 effective [60] days after publication of the rule in the [administrative bulletin] [on the  
25 [publisher]'s Internet website.]

26 (b) The adoption of a ~~A~~ rule may become effective on a later date than that established

by subsection (a) if the later date is required by another statute or specified in the rule.

(c) ~~The adoption of a~~A rule becomes effective immediately upon its filing with the [publisher] or on any subsequent date earlier than that established by subsection (a) if it is required to be implemented by a certain date by the federal or [state] constitution, a statute, or court order.

(d) ~~A rule adopted using the emergency process under An emergency rule adopted under~~ Section 309(a) becomes effective immediately upon filing with the [publisher].

(e) ~~A rule adopted using the expedited process under expedited rule adopted pursuant to~~ Section 309(b) to which no objection is made becomes effective ~~[30]~~45 days after the close of the comment period, unless the rulemaking proceeding is terminated or a later effective date is specified by the agency.

~~(f) A guidance document becomes effective immediately upon adoption or at a later date established by the agency.~~

#### Comment

This is a substantially revised version of the 1961 Model State Administrative Procedure Act, Section 4 (b)&(c) and 1981 Model State Administrative Procedure Act, Section 3-115. Most of the states have adopted provisions similar to both the 1961 Model State Administrative Procedure Act and the 1981 Model State Administrative Procedure Act, although they may differ on specific time periods. Some rules may have retroactive application or effect provided that there is express statutory authority for the agency to adopt retroactive rules. See *Bowen v. Georgetown University Hospital* 488 U.S. 204 (1988).

**SECTION 317. PETITION FOR ADOPTION OF RULE.** Any person may petition an agency to request the adoption- of a rule. Each agency shall prescribe by rule the form of the petition and the procedure for its submission, consideration, and disposition. ~~Not later~~ than ~~Within~~ [60] days after submission of a petition, the agency shall:

1 (1) deny the petition in a record and state its reasons for the denial;

2 (2) initiate rulemaking proceedings in accordance with this [act].~~;~~ ~~or~~

3 ~~(3) if otherwise lawful, adopt the rule.~~

4 **Comment**

5 This section is substantially similar to the 1961 MSAPA. See also section 3-117 of the  
6 1981 MSAPA. Agency decisions that decline to adopt a rule are judicially reviewable for abuse  
7 of discretion (See Massachusetts v. EPA 127 S. Ct. 1438 (2007) (EPA decision to reject  
8 rulemaking petition and therefore not to regulate greenhouse gases associated with global  
9 warming was judicially reviewable and decision was arbitrary and capricious.).

1 [ARTICLE] 4

2 ADJUDICATION IN A CONTESTED CASE

3  
4 SECTION 401. WHEN ARTICLE APPLIES; CONTESTED CASES. This [article]

5 applies to an adjudication made by an agency in a contested case. ~~If the requirements for~~  
6 ~~informal adjudication under Sections 405 and 406 or an emergency adjudication under Section~~  
7 ~~408 are met, a hearing in a contested case may be conducted following the procedures in those~~  
8 ~~sections.~~

9 Comment

10  
11 Article 4 of this Act does not apply to all adjudications but only to those adjudications,  
12 defined in Section 102 as a “contested case.” Contested case is the definition of the subset of  
13 adjudications that fall within this section because law as defined in Section 102(14) requires an  
14 evidentiary hearing to resolve particular facts or the application of law to facts. This section is  
15 subject to the exceptions in Sections 405 and 406 for informal hearing and Section 408 for  
16 emergency hearing if the requirements for those exceptions under this Article apply. If the  
17 requirements for informal adjudication under Sections 405 and 406 or an emergency  
18 adjudication under Section 408 are met, a hearing in a contested case may be conducted  
19 following the procedures in those sections. All contested cases are also subject to Section 402 of  
20 this article.

21  
22 For a statute to create a right to an evidentiary hearing, express use of the term  
23 “evidentiary hearing” is not necessary in the statute. Statutes often use terms like “appeal” or  
24 “proceeding” or “hearing”, but in context it is clear that they mean an evidentiary hearing. An  
25 evidentiary hearing is one in which the resolution of the dispute involves particular facts and the  
26 presiding officer is limited to material in the record in making his decision.

27  
28 Hearings that are required by procedural due process guarantees include life, liberty and  
29 property *interests*, which arise where a statute creates a justified expectation or legitimate  
30 entitlement. This section includes more than what were described as “rights” under older  
31 common law. In cases where the right to an evidentiary hearing is created by due process,  
32 attention is directed to Section 405(2)D *infra*, which may permit an informal hearing.

33  
34 Section 401, governing contested case hearings, does not apply to investigatory hearings,  
35 a hearing that merely seeks public input or comment, pure administrative process proceedings  
36 such as tests, elections, or inspections, and situations in which a party has a right to a de novo  
37 administrative or judicial hearing. An agency may by rule make all or part of article 4 applicable

1 | ~~to adjudication that does not fall within the requirements of Section 401, including hearing rights~~  
2 | ~~conferred by agency regulations, or on the record appeals. This section does not apply to an~~  
3 | ~~investigatory hearing, or a hearing that merely seeks public input or comment. Also, this section~~  
4 | ~~is not applicable to the situation where a party is entitled to a de novo administrative or judicial~~  
5 | ~~hearing. An agency may by rule make all or part of this article applicable to adjudication that~~  
6 | ~~does not fall within requirements of this section.~~

7 |  
8 | This section draws upon the California, (see Cal. Cal.Gov.Code Section 11410.10);  
9 | Minnesota, (see Minnesota Statutes Annotated, Section 14.02, subd. 3; Washington (see Revised  
10 | Code of Washington, 34.05.413(2) and Kansas (see Kansas Stat. Ann., KS ST Section 77-502(d)  
11 | & Kansas Stat. Ann., KS ST Section 77-503). ~~The definition of disputed case used in this Act is~~  
12 | ~~similar to, but broader than, the definition of contested case in the 1961 MSAPA, Section 1(2).~~  
13 |

## 14 | SECTION 402. PRESIDING OFFICERS.

15 | (a) In a contested case, the presiding officer shall ~~manage the proceeding regulate the~~  
16 | ~~hearing~~ in a manner that will promote ~~a~~ fair, just, orderly and prompt resolution.

17 | (b) The presiding officer shall be the agency head, one or more members of the agency  
18 | head that is a body of individuals [, in the discretion of the agency head, one or more  
19 | administrative law judges assigned by the office in accordance with Section 602,] or, unless  
20 | prohibited by law, one or more persons designated by the agency head .

21 | (c) An individual who has served as investigator, prosecutor, or advocate at any stage in  
22 | a ~~contested~~~~disputed~~ case may not serve as a presiding officer or assist or advise any presiding  
23 | officer in the same proceeding.

24 | (d) An individual who is subject to the authority, direction, or discretion of an individual  
25 | who has served as [investigator,] prosecutor [,] or advocate at any stage in a disputed case,  
26 | including investigation, may not serve as presiding officer or assist or advise a presiding officer  
27 | in the same proceeding.

28 | (e) A presiding officer is subject to disqualification for bias, prejudice, financial interest,  
29 | or any other factor that would provide reasonable doubts about the impartiality of the presiding



~~officer] cause for which a judge is or may be disqualified.~~ A presiding officer, after making a reasonable inquiry, shall disclose to all parties any known facts related to grounds for disqualification that would be material to ~~that a reasonable person would consider likely to affect~~ the impartiality of the presiding officer in the contested case proceeding, ~~including:~~  
~~————— (1) a financial or personal interest in the outcome of the contested case proceeding; and~~  
~~————— (2) an existing or past relationship with any of the parties to the contested case proceeding, their counsel or representatives, or a witness.~~

(f) Any party may petition for the disqualification of a presiding officer promptly after receipt of notice indicating that the person will preside, or promptly upon discovering facts establishing grounds for disqualification, whichever is later. The party requesting the disqualification of the presiding officer must file a petition that states with particularity the grounds upon which it is claimed that a fair and impartial hearing cannot be accorded, or the applicable rule or canon of practice or ethics that requires disqualification. If grounds for disqualification are discovered at a time later than the beginning of the taking of evidence, a party must request disqualification promptly after discovery. The petition may be denied if the party fails to exercise due diligence in requesting disqualification after discovering grounds for disqualification.

(g) A presiding officer whose disqualification is requested [~~or the appointing authority, or the Chief Administrative Law Judge~~] shall determine whether to grant the petition and state facts and reasons for the determination in writing. A presiding officer's decision to deny determination to disqualification ~~disqualify a presiding officer~~ is not immediately subject to judicial review.

(h) If a substitute presiding officer is required, the substitute must be appointed [as required by law, or if no law governs then] by:

(1) the Governor, if the original presiding officer is an elected official; or

(2) the appointing authority, if the original presiding officer is an appointed official.

(i) The provisions of this section governing disqualification of a presiding officer also govern disqualification of the agency head or other person or body to which the power to hear or decide in the proceeding is delegated.

(j) If participation of the agency head is necessary to enable the agency to take legally effective action, required by law to participate in the hearing or decision of a contested case, an agency head may continue to participate notwithstanding grounds for disqualification.

### Comment

Subsection (b) governs who may be appointed to serve as a presiding officer in a disputed case. If the case is heard by more than one presiding officer, as when the agency head hears a disputed case en banc, one member of the agency head may serve as chair, but all of the persons sitting as judge in the case are collectively the presiding officer.

Subsection (b) confers a limited amount of discretion upon the agency head to determine who will preside. The presiding officer may be either the agency head, or one or more members of the agency head, or one or more administrative law judges assigned by the Office of Administrative Hearings in accordance with Section 603. Without the bracketed language, subsection (b) resembles the law in a group of states that have created a central panel of administrative law judges, and have made the use of administrative law judges from the central panel mandatory unless the agency head or one or more members of the agency head presides. In some states, however, the use of central panel administrative law judges is mandatory only in certain enumerated agencies or types of proceedings. If the bracketed language is adopted, the agency head, in addition to the preceding options for appointment and unless prohibited by law, may designate any one or more “other persons” to serve as presiding officer. This discretion is subject to subsections (c) & (d) on separation of functions. This discretion is also limited by the phrase “unless prohibited by law,” included in the bracketed language, which prevents the use of “other persons” as presiding officers to the extent that the other state law prohibits their use. Thus, if this language is adopted by a state that has an existing central panel of administrative law judges whose use is mandatory in enumerated types of proceedings, the agencies must

1 continue to use the central panel for those proceedings, but may exercise their option to use  
2 “other persons” for other types of proceedings.  
3

4 Subsection (e) is based upon 1981 MSAPA Section 4-202(b). See also California  
5 Government Code Section 11425.40(a). Disclosure duties under subsection (e) are based on state  
6 ethics codes governing ethical standards for judges in the judicial branch of the government,  
7 Section 12 of the 2000 Uniform Arbitration Act, and on state law governing the ethical  
8 responsibilities of government officials and employees. See Section 410.  
9

10 Subsection (f) is based on 1981 MSAPA Section 4-202(c).  
11

12 Subsection (i) is based on California Government Code Section 11425.40(c).  
13

14 Subsection (j) adopts the rule of necessity for decision makers. See California  
15 Government Code Section 11512(c) (agency member not disqualified if loss of a quorum would  
16 result); *United States v. Will* (1980) 449 U.S. 200 (common law rule of necessity applied to  
17 U.S. Supreme Court to decide issues before the court relating to compensation all Article III  
18 judges.

1  
2           **SECTION 403. CONTESTED CASE PROCEDURE.**

3           (a) Except for emergency adjudications ~~and except as otherwise provided in Section 406,~~  
4 this section applies to contested cases.

5           (b) Except as otherwise provided in Section 408(c), an agency shall give to the person to  
6 which an agency action is directed notice that is consistent with Section 404.

7           (c) An agency shall make available to the person to which an agency action is directed a  
8 copy of the agency procedures governing the case.

9           (d) The following rules apply in a contested case:

10                   (1) Upon proper objection, the presiding officer [must] [ may] exclude evidence  
11 that is immaterial, irrelevant, unduly repetitious, or excludable on constitutional, or statutory  
12 grounds or on the basis of an evidentiary privilege recognized in the courts of this state. The  
13 presiding officer may exclude evidence that is objectionable under the applicable rules of  
14 evidence. Evidence may not be excluded solely because it is hearsay.

15                               **Alternative A**

16           Hearsay evidence may be used for the purpose of supplementing or explaining other evidence  
17 except that on timely objection it may not be sufficient in itself to support a finding unless it  
18 would be admissible over objection in a civil action.

19                               **Alternative B**

20           Hearsay evidence may be sufficient to support fact findings if that evidence constitutes reliable,  
21 probative, and substantial evidence.

22           \_\_\_\_\_(2) An objection must be made at the time the evidence is offered. In the absence of an  
23 objection, the presiding officer may exclude evidence at the time it is offered. A party may make

1 an offer of proof when evidence is objected to, or prior to the presiding officer's decision to  
2 exclude evidence."

3  
4 (3) Any part of the evidence may be received in written form, if doing so will  
5 expedite the hearing without substantial prejudice to the interests of a party. Documentary  
6 evidence may be received in the form of copies or excerpts or by incorporation by reference.

7 (4) ~~All~~ evidence must be made part of the hearing record of the case ~~including,~~  
8 ~~if the agency desires to avail itself of information or if it is offered into evidence by a party,~~  
9 ~~records in the possession of the agency which contain information that is not a public record.~~ No  
10 factual information or evidence may be considered in the determination of the case unless it is  
11 part of the agency hearing record. If the agency hearing record contains information that is not  
12 public, the presiding officer may conduct a closed hearing to discuss the information, issue  
13 necessary protective orders, and seal all or part of the hearing record.

14 (5) The presiding officer may take official notice of all facts of which judicial  
15 notice may be taken and of other scientific and technical facts within the specialized knowledge  
16 of the agency. Parties must be notified at the earliest practicable time, either before or during the  
17 hearing, or by reference in preliminary reports, preliminary decisions or otherwise, of the facts  
18 proposed to be noticed and their source, including any staff memoranda or data. The parties  
19 must be afforded an opportunity to contest any officially noticed facts before the decision is  
20 announced.

21 (6) The experience, technical competence, and specialized knowledge of the  
22 presiding officer may be used in the evaluation of the evidence in the agency hearing record.

23 ~~(7) The presiding officer is not responsible to or subject to the supervision,~~

1 ~~direction, or direct or indirect influence of an officer, employee, or agent of an agency other than~~  
2 ~~the [office of administrative hearings] engaged in the performance of investigatory,~~  
3 ~~prosecutorial, or advisory functions for an agency.~~

4 (e) Except for ~~informal hearings under Sections 405 and 406 and~~ emergency hearings  
5 under Section 408, in a ~~contested~~disputed case, the presiding officer, at appropriate stages of the  
6 proceedings, shall give all parties the opportunity to file pleadings, motions, and objections in a  
7 timely manner. The presiding officer, at appropriate stages of the proceeding, may give all  
8 parties full opportunity to file briefs, proposed findings of fact and conclusions of law, and  
9 proposed, recommended, or final orders. ~~If records are submitted, the original record must be~~  
10 ~~filed with the agency and copies of all filings shall be sent to all parties.~~ The presiding officer  
11 may, with the consent of all parties, refer the parties in a contested case proceeding to mediation  
12 or other dispute resolution procedure.

13 (f) Except for ~~informal hearings under Sections 405 and 406 and~~ emergency hearings  
14 under Section 408, in a ~~contested~~disputed case, to the extent necessary for full disclosure of all  
15 relevant facts and issues, the presiding officer shall afford to all parties the opportunity to  
16 respond, present evidence and argument, conduct cross-examination, and submit rebuttal  
17 evidence.

18 (g) Except as otherwise provided by law other than this act, If all parties consent and, to  
19 the extent allowed by law, the presiding officer may conduct all, or part of, an evidentiary  
20 hearing, or a prehearing conference, by telephone, television, video conference, or other  
21 electronic means, if each party to a hearing has an opportunity to hear, speak, and be heard in the  
22 proceeding as it occurs, ~~the presiding officer may conduct all, or part of, an evidentiary hearing,~~  
23 ~~or a prehearing conference, by telephone, television, video conference, or other electronic~~

1 | ~~means.~~

2 | (h) All testimony of parties and witnesses must be given under oath or affirmation and  
3 | the presiding officer may administer an oath or affirmation for that purpose.

4 | (i) A hearing in a contested case is open to the public, except for a hearing or part of a  
5 | hearing that the presiding officer closes on the same basis and for the same reasons that a court  
6 | of this state may close a hearing or closes pursuant to a statutory provision other than this [act]  
7 | that authorizes closure. To the extent that a hearing is conducted by telephone, television, video  
8 | conference, or other electronic means, and is not closed, a hearing is open if members of the  
9 | public have an opportunity, at reasonable times, to hear or inspect the agency's record, and to  
10 | inspect any transcript obtained by the agency.

11 | (j) Unless prohibited by law other than this [act], at the party's expense, any party may  
12 | be represented by counsel or may be advised, accompanied, or represented by another individual.

13 | (k) ~~a party may exercise the right to self representation~~ ~~Any party may represent~~  
14 | ~~themselves~~ in a contested case, and the presiding officer may ~~explain~~ ~~accommodate a pro se~~  
15 | ~~party's unfamiliarity with agency~~ contested case procedures ~~by explaining those procedures~~ to  
16 | the ~~self represented pro se~~ party to the extent consistent with ~~[fair hearing]~~ ~~[impartial decision~~  
17 | ~~maker]~~ requirements

18 | (l) The decision in a contested case must be written, based on the agency hearing record,  
19 | and include a statement of the factual and legal bases of the decision.

20 | ~~(m) This section applies to agency procedure in contested cases without further action by~~  
21 | ~~the agency, and prevails over a conflicting or inconsistent provision of the agency's rules.~~

22 | ~~(m)(n)~~ Subject to Section 204, tThe rules by which an agency conducts a contested case  
23 | may include provisions more protective of the rights of the person to which the agency action is

1 directed than the requirements of this section.

2 ~~(e) Agencies must train new presiding officers in contested case procedures and in the~~  
3 ~~rules of evidence applicable to contested case proceedings.~~

#### 4 **Comment**

5  
6 This section specifies the minimum hearing requirements that must be met in disputed  
7 cases under this act. This section applies to all agencies whether or not an agency rule provides  
8 for a different procedure; this procedure is excused only if a statute expressly provides  
9 otherwise. This section does not prevent an agency from adopting more stringent procedures  
10 than those in this section. This section does not supersede conflicting state or federal statutes.

11  
12 There are several interrelated purposes for this procedural provision: 1) to create a  
13 minimum fair hearing procedure; and 2) to attempt to make that minimum procedure applicable  
14 to all agencies. In many states, individual agencies have lobbied the legislature to remove  
15 various requirements of the state Administrative Procedure Act from them. The result in a  
16 considerable number of states is a multitude of divergent agency procedures. This lack of  
17 procedural uniformity creates problems for litigants, the bar and the reviewing courts. This  
18 section attempts to provide a minimum, universally applicable procedure in all disputed cases.  
19 The important goal of this section is to protect citizens by a guarantee of minimum fair  
20 procedural protections. The procedures required here are only for actions that fit the definition of  
21 a disputed case and fall within the provisions of Section 401. Thus, they do not spread quasi  
22 judicial procedures widely, and do not create any significant agency loss of efficiency or  
23 increased cost.

24  
25 This section is modeled in part on the Arizona Regulatory Bill of Rights, see A.R.S.  
26 Section 41-1001.01 and the California Administrative Adjudication Bill of Rights, see West  
27 Ann.Cal.Gov.Code Section 11425.10.

28  
29 Under subsection (c), agency procedures governing the case refers to rules of practice  
30 adopted under Section 202, or default procedural rules adopted under Section 204, or procedures  
31 required under the agency governing statute.

32  
33 Under subsection (d)(1) evidence is unduly repetitious if its probative value is  
34 substantially outweighed by the probability that its admission will necessitate undue  
35 consumption of time. In most states a presiding officer's determination that evidence is unduly  
36 repetitious may be overturned only for abuse of discretion. Under subsection (d)(1), the legal  
37 residuum rule is not adopted and hearsay evidence can be sufficient to support fact findings if the  
38 hearsay evidence is sufficiently reliable. This provision is based on the federal A.P.A. provision,  
39 5 U.S.C. Section 556 (d), Richardson v. Perales, (1971) 402 U.S. 389 and the 1981 MSAPA  
40 Section 4-215(d). (reasonably prudent person standard for reliability).

41  
42 Subsection (d)(4) information that is not a public record means information not subject to



1 disclosure under the applicable public records act in the jurisdiction.

2  
3 Subsection (d)(5) is based on 1981 MSAPA Section 4-212(f). See also California  
4 Government Code Section 11515, and 1961 MSAPA Section 10(4).

5  
6 Subsection (d)(6) is based on 1981 MSAPA Section 4-215(d). See also California  
7 Government Code Section 11425.50(c) which contains the same language.

8  
9 Under subsection (g) hearings in contested cases can be conducted using the telephone,  
10 television, video conferences, or other electronic means. Subsection (g) is based in part on  
11 California Government Code Section 11440.30. Due process of law may require live in person  
12 hearings. See *Whiteside v. State*, (2001) 20 P. 3d 1130 (Supreme Court of Alaska) (due process  
13 of law violated with telephone hearing in driver's license revocation hearing when driver's  
14 credibility was material to the hearing, and the driver was not offered an in person hearing); But  
15 see *Bancroft v. Employment Division* (1985) 72 Or. App. 486, 696 P. 2d 19, 21 (telephone  
16 hearings do not violate due process of law in hearings in which the credibility of a party is at  
17 issue because audible indicia of a witness's demeanor are sufficient for credibility).

18  
19 Subsection (k) provides for a right of self representation for parties in contested case  
20 proceedings. Subsection (k) also allows presiding officers to accommodate pro se litigant's  
21 unfamiliarity with agency procedures in contested cases by explaining those procedures to the  
22 pro se litigant to the extent consistent with fair hearing and impartial decision maker  
23 requirements. *Goldberg v. Kelley* (1970) 397 U.S. 254 (impartial decision-making is essential to  
24 due process of law). The fair hearing limits would be exceeded if the presiding officer violated  
25 impartial decision maker requirements by improperly assisting one party in presenting that  
26 parties case at the hearing.

27  
28 The subsection (l) written decision requirement is based in part on 1961 MSAPA Section  
29 12, and on 1981 MSAPA Section 4-215(g). See also California Government Code Section  
30 11425.50. See also sections 801, and 802, electronic publication of written decisions, and the  
31 provisions of 15 U.S.C. Section 7004.

32  
33 ~~Under subsection (o), training of new presiding officers in contested case procedures is~~  
34 ~~important to the quality of adjudication. Training of non-lawyer presiding officer is especially~~  
35 ~~important because of relative lack of familiarity with adjudication procedures compared to~~  
36 ~~lawyer presiding officers.~~

37  
38 Section 10 of the 1961 MSAPA contained many similar provisions.  
39

#### 40 **SECTION 404. NOTICE.**

41 (a) Except for an emergency adjudication under Section 408, an agency shall give  
42 reasonable notice of the right to an evidentiary hearing in a contested case.

1 (b) In case of applications or petitions submitted by persons other than the agency,  
2 within a reasonable time after filing, the agency shall give notice to all parties that an action has  
3 been commenced. The notice must include:

4 (1) the official file or other reference number, the name of the proceeding, and a  
5 general description of the subject matter;

6 (2) the name, official title, mailing address [e-mail address] [facsimile address]  
7 and telephone number of the presiding officer;

8 (3) a statement of the time, place, and nature of the prehearing conference or  
9 hearing, if any;

10 (4) [the name, official title, mailing address, and telephone number of any  
11 attorney or employee who has been designated to represent the agency]; and

12 (5) any other matter that the presiding officer considers desirable to expedite the  
13 proceedings.

14 (c) In an actions initiated by the agency ~~that may or will result in an order~~, the agency  
15 shall give an initial notice to the party or parties against which the action is brought as provided  
16 by law. by personal service in a manner appropriate under the rules of civil procedure for the  
17 service of process in a civil action in this state The notice shallwhich includes:

18 (1) notification that an action that may result in an order has been commenced  
19 against them;

20 (2) a short and plain statement of the matters asserted, including the issues  
21 involved;

22 (3) a statement of the legal authority and jurisdiction under which the hearing is  
23 held that includes identification of the statutory sections involved;

1 (4) the official file or other reference number, the name of the proceeding, and a  
2 general description of the subject matter;

3 (5) the name, official title, mailing address, [e-mail address,] [facsimile address,]  
4 and telephone number of the presiding officer or, if no officer has been appointed at the time the  
5 notice is given, the name, official title, mailing address, [e-mail address,] [facsimile address,] and  
6 telephone number of any attorney or employee designated to represent the agency;

7 (6) a statement that a party who fails to attend or participate in any subsequent  
8 proceeding in a contested case may be held in default;

9 (7) a statement that the party served may request a hearing and instructions in  
10 plain language about how to request a hearing; and

11 (8) the names and last known addresses of all parties and other persons to which  
12 notice is being given by the agency.

13 (d) When a prehearing meeting or conference is scheduled, the agency shall give parties  
14 notice at least 14 days before the hearing that contains the information contained in subsection

15 (c).

16 (e) Notice may include other matters that the presiding officer considers desirable to  
17 expedite the proceedings.

### 18 **Comment**

19  
20 This section is taken from: the 1961 Model State Administrative Procedure Act, section 9  
21 and the 1981 Model State Administrative Procedure Act, Section 4-206. See also; Oregon,  
22 O.R.S. Section 183.415; Kansas, K.S.A. Section 77-518; Iowa, I.C.A. Section 17A.12; Montana,  
23 MCA 2-4-601; and Michigan, M.C.L.A. 24.271.  
24

25 ~~**SECTION 405. INFORMAL ADJUDICATION IN CONTESTED CASES.** Unless~~  
26 ~~prohibited by law other than this [act], an agency may use an informal hearing procedure in a~~

1 ~~contested case if:-~~

2 ~~(1) there is no disputed issue of material fact; or-~~

3 ~~(2) the matter at issue is limited to any of the following:-~~

4 ~~(A) a monetary amount of not more than [one thousand dollars (\$1,000)] whether~~  
5 ~~liquidated in a sum certain or as periodic payments over no more than [12] months;-~~

6 ~~(B) a disciplinary sanction against a student that does not involve expulsion from~~  
7 ~~an academic institution or suspension for more than 10 days or a disciplinary sanction against an~~  
8 ~~employee that does not involve discharge from employment, demotion, or suspension for more~~  
9 ~~than five days;-~~

10 ~~(C) a disciplinary sanction against a licensee that does not involve revocation of~~  
11 ~~a license or suspension of a license for more than five days;~~

12 ~~(D) a proceeding where the federal or state constitution requires an evidentiary~~  
13 ~~hearing, but the federal or state constitution does not require an agency to follow the~~  
14 ~~adjudication procedures of Section 403; or~~

15 ~~(E) the parties by written agreement consent to an informal hearing.-~~

16 **~~Comment~~**

17  
18 ~~The informal hearing procedure is intended to satisfy due process and public policy~~  
19 ~~requirements in a manner that is simpler and more expeditious than formal adjudication. The~~  
20 ~~informal hearing procedure provides a forum in the nature of a conference in which a party has~~  
21 ~~an opportunity to be heard by the presiding officer. The informal hearing procedure provides a~~  
22 ~~forum that may accommodate a hearing where by rule or statute a member of the public may~~  
23 ~~participate without appearing or intervening as a party.~~

24  
25 ~~This section adopts a single category of informal procedure that an agency may use to~~  
26 ~~perform the same functions, and the following section leaves to the discretion of the presiding~~  
27 ~~officer the exact hearing procedure to be followed. This section also draws upon the California~~  
28 ~~provision for an informal procedure, see Ann.Cal.Gov.Code SECTION 11445.20.~~

29  
30 ~~Subsection 2(D) is intended to deal with the situation that arises in federal constitutional-~~

1 ~~law where the constitution protects a life, liberty or property interest, but, under the holding of~~  
2 ~~Mathews v. Eldridge, 424 U.S. 319, 96 S.Ct. 893 (1976) do not require all the protections of a~~  
3 ~~formal hearing. See Goss v. Lopez, (1975) 419 U.S. 565, 581-582 (informal due process hearing~~  
4 ~~for school suspension of ten days or less), and Cleveland Board of Education v. Loudermill~~  
5 ~~(1985) 472 U.S. 532.~~  
6

7 ~~**SECTION 406. INFORMAL ADJUDICATION PROCEDURE.**~~

8 ~~(a) Except as otherwise provided in subsection (b), the adjudication procedures required~~  
9 ~~under Section 403 apply to an informal adjudication.~~

10 ~~(b) In an informal adjudication, the presiding officer shall regulate the course of the~~  
11 ~~proceeding consistent with the due process requirement of meaningful opportunity to be heard.~~  
12 ~~The presiding officer shall permit the parties and their representatives, and may permit others, to~~  
13 ~~offer written or oral comments on the issues. The presiding officer may limit the use of~~  
14 ~~witnesses, testimony, evidence, cross examination, and argument and may limit or eliminate the~~  
15 ~~use of pleadings, intervention, discovery, prehearing conferences, and rebuttal. Where~~  
16 ~~appropriate in the discretion of the presiding officer, an informal adjudication may be in the~~  
17 ~~nature of a conference.~~

18 ~~(c) In regulating the course of the informal adjudication proceedings, the presiding~~  
19 ~~officer shall recognize the rights of the parties:-~~

- 20 ~~(1) to notice that includes the decision to proceed by informal adjudication;-~~  
21 ~~(2) to protest the choice of informal procedure, and to have that protest promptly~~  
22 ~~decided by the presiding officer;-~~  
23 ~~(3) to participate in person or by a representative;-~~  
24 ~~(4) to have notice of any contrary factual material in the possession of the agency~~  
25 ~~that may be relied on as the basis for adverse decision; and~~

1                   ~~(5) to be informed briefly, in writing, of the basis for an adverse decision in the~~  
2 ~~case.~~

3                   ~~(d) The agency record for review of informal adjudication consists of the official~~  
4 ~~transcript of oral testimony and any records that were considered by, prepared by, or submitted~~  
5 ~~to the presiding officer for use in the informal adjudication, or that are submitted by or to the~~  
6 ~~agency on review. The agency shall maintain these records as its record of the informal~~  
7 ~~adjudication.~~

8                   **Comment**  
9

10                   ~~This section draws on the informal adjudication provisions of several state~~  
11 ~~Administrative Procedure Acts. See: California Administrative Procedure Act, West's~~  
12 ~~Ann.Cal.Gov.Code SECTION 11445.40; Va. Administrative Procedure Act, Section 2.2-4019,~~  
13 ~~Va. Code Ann. § 2.2-4019; and Washington Administrative Procedure Act, Section 34.05.485,~~  
14 ~~West's RCWA § 34.05.485. Under this section, the informal adjudication procedure is a~~  
15 ~~simplified form of an adjudication under the control of the presiding officer. The informal~~  
16 ~~hearing may be in the nature of a conference at the discretion of the presiding officer. Although~~  
17 ~~the hearing is streamlined and informal, the hearing officer must observe basic protections of~~  
18 ~~fairness spelled out in subsection (c) and protections described in Mathews v. Eldridge, 424 U.S.~~  
19 ~~319, 96 S.Ct. 893 (1976). See Goss v. Lopez, (1975) 419 U.S. 565, 581-582 (informal due~~  
20 ~~process hearing for school suspension of ten days or less), and Cleveland Board of Education v.~~  
21 ~~Loudermill (1985) 472 U.S. 532.~~

22  
23  
24  
25                   **SECTION 40~~57~~. AGENCY HEARING RECORD IN CONTESTED CASE.**

26                   (a) An agency shall maintain an official hearing record in each contested case.

27                   (b) The agency hearing record consists of:

28                         (1) notices of all proceedings;

29                         (2) any pre-hearing order;

30                         (3) any motions, pleadings, briefs, petitions, requests, and intermediate rulings;

- (4) evidence admitted, received, or considered;
- (5) a statement of matters ~~officially~~judicially noticed;
- (6) proffers of proof and objections and rulings thereon;
- (7) proposed findings, requested orders, and exceptions;
- (8) the record prepared for the presiding officer at the hearing, and any transcript of all or part of the hearing considered before final disposition of the proceeding;
- (9) any final order, recommended decision, or order on reconsideration;
- (10) all memoranda, data, or testimony prepared under Section 409; and
- (11) matters placed on the record after an ex parte communication.

(c) ~~Except to the extent that law other than this [act] provides otherwise, T~~he agency hearing record constitutes the exclusive basis for agency action in a ~~contested~~disputed case and for judicial review of the case.

#### **SECTION 40~~6~~8. EMERGENCY ADJUDICATION PROCEDURE.**

(a) Unless prohibited by law other than this [act], an agency may conduct an emergency adjudication in a contested case under the procedure provided in this section.

(b) An agency may issue an order under this section only to deal with an immediate danger to the public health, safety, or welfare. The agency may take only action that is necessary to deal with the immediate danger to the public health, safety, or welfare. The emergency action must be limited to temporary ~~interim~~ relief.

(c) Before issuing an order under this section, the agency, if practicable, shall give notice and an opportunity to be heard to the person to which the agency action is directed. The notice and hearing may be oral or written and may be communicated by telephone, facsimile, or other electronic means. ~~The hearing may be conducted in the same manner as an informal hearing-~~

1 | ~~under this [article].~~

2 | (d) Any order issued under this section must contain an explanation that briefly explains  
3 | the factual and legal ~~reasons~~<sup>basis</sup> for making the decision using the procedures provided by this  
4 | Section of the Act~~the emergency decision.~~

5 | (e) An agency shall give notice of an order to the extent practicable to the person to  
6 | which the agency action is directed. The order is effective when issued.

7 | (f) After issuing an order pursuant to this section, an agency shall proceed as soon as  
8 | ~~practicable feasible~~ to provides an opportunity for a hearing ~~conduct an adjudication~~ following  
9 | contested case procedure under Section 403 ~~or, if appropriate under this [article], informal~~  
10 | ~~adjudication under Sections 405 and 406,~~ in order to resolve the issues underlying the temporary;  
11 | ~~interim~~ relief.

12 | (g) The agency record in an emergency adjudication consists of any testimony or records  
13 | concerning the matter that were considered or prepared by the agency. The agency shall  
14 | maintain those records as its official record.

15 | (h) On issuance of an order under this section, the person against which the agency  
16 | action is directed may obtain judicial review without exhausting administrative remedies.

### 17 | **Comment**

18 |  
19 | The procedure of this section is intended permit immediate agency emergency  
20 | adjudication, but also to provide minimal protections to parties against whom such action is  
21 | taken. Emergencies regularly occur that immediately threaten public health, safety or welfare:  
22 | licensed health professionals may endanger the public; developers may act rapidly in violation of  
23 | law; or restaurants may create a public health hazard. In such cases the agencies must possess  
24 | the power to act rapidly to curb the threat to the public. On the other hand, when the agency acts  
25 | in such a situation, there should be some modicum of fairness, and the standards for invoking  
26 | such remedy must be clear, so that the emergency label may be used only in situations where it  
27 | fairly can be asserted that rapid action is necessary to protect the public.

28 |  
29 | Federal and state case law have held that in an emergency situation an agency may act



1 rapidly and postpone any formal hearing without violation, respectively, of federal or state  
2 constitutional law. *FDIC v. Mallen*, 486 U.S. 230 (1988); *Gilbert v. Homar* (1997) 520 U.S.  
3 924; *Dep't of Agric. v. Yanes*, 755 P.2d 611 (OK. 1987).

4  
5 The generic provision in this section has several advantages over the present divergent  
6 approaches to emergency agency action. First, all agencies have the needed power to act without  
7 delay, but there is provision for some type of brief hearing, if feasible. Second, this article limits  
8 the agency to action of this type only in a genuine, defined emergency. Third, there are pre and  
9 post deprivation protections. This section seeks to strike an appropriate balance between public  
10 need and private fairness.

11  
12 This section does not apply to an emergency adjudication, cease and desist order, or other  
13 action in the nature of emergency relief issued pursuant to express statutory authority arising  
14 outside of this act.  
15

#### 16 | **SECTION 4079. EX PARTE COMMUNICATIONS.**

17 (a) Except as otherwise provided in subsections (b) and (c), while a contested case is  
18 pending, the presiding officer may not make to or receive from any person any communication  
19 regarding any issue in the proceeding ~~for relevant to the merits of the proceeding~~ without notice  
20 and opportunity for all parties to participate in the communication. For the purpose of this  
21 section, a proceeding is pending from the issuance of the agency's pleading, or from an  
22 application for an agency decision, whichever is earlier.

23 (b) The presiding officer may make communications to or receive communications from  
24 a law clerk ~~or a person authorized by law to provide legal advice to the agency~~ or may  
25 communicate on ministerial matters with a person who serves on the personal staff of the  
26 presiding officer if the person providing legal advice or ministerial information has not served as  
27 investigator, prosecutor, or advocate at any stage of the proceeding. When acting as the  
28 decision maker, the agency head may make communications to or receive communications from  
29 a person authorized by law to provide legal advice to the agency if the person providing legal  
30 advice has not served as investigator, prosecutor, or advocate at any stage of the proceeding.

1 (c) An employee or representative may make communications to or receive  
2 communications from an agency head sitting as presiding officer if:

3 (1) the communications consist of an explanation of the technical or scientific  
4 basis of, or technical or scientific terms in, the evidence in the agency hearing record; and

5 (2) the employee or representative giving the technical explanation has not  
6 served as investigator, prosecutor, or advocate at any stage of the proceeding;

7 (3) the employee or representative giving the technical explanation does not  
8 receive communications that the agency head is prohibited from receiving; and

9 (4) the technical or scientific term on which explanation is sought is not a  
10 contested issue or an issue whose application is central to the decision in the case.

11 (d) If the presiding officer receives advice under subsection (c), the advice, if written,  
12 must be made part of the agency hearing record. If the advice is oral, a memorandum containing  
13 the substance of the advice must be made part of the record and the parties must be notified of  
14 the communication. The parties may respond to the advice of an employee or representative of  
15 the agency in a record that is made part of the hearing record.

16 (e) If a presiding officer makes or receives a communication in violation of this section,  
17 if the communication is:

18 (1) written, the presiding officer shall make the communication a part of the  
19 hearing record and prepare and make part of the record a memorandum that contains the  
20 response of the presiding officer to the communication and the identity of the parties who  
21 communicated; or

22 (2) oral, the presiding officer must prepare a memorandum that contains the  
23 substance of the verbal communication, the response of the presiding officer, and the identity of

1 the parties who communicated.

2 (f) If a communication prohibited by this section is made, the presiding officer shall  
3 notify all parties of the prohibited communication and permit parties to respond in writing within  
4 15 days. Upon good cause shown, the presiding officer may permit additional testimony in  
5 response to the prohibited communication.

6 (g) When the presiding officer is a member of an agency head that is a body of persons,  
7 the presiding officer may communicate with the other members of the agency head. Otherwise,

8 While a proceeding is pending, there may be no communication, direct or indirect, regarding the  
9 merits of any issue in the proceeding between the presiding officer and the agency head or other  
10 person or body to which the power to hear or decide in the proceeding is delegated. ~~When the~~  
11 ~~presiding officer is a member of an agency head that is a body of persons, the presiding officer~~  
12 ~~may communicate with the other members of the agency head.~~

13 (h) If necessary to eliminate the effect of a communication received in violation of this  
14 section, a presiding officer may be disqualified, the portions of the record pertaining to the  
15 communication may be sealed by protective order, or other appropriate relief may be granted  
16 including dismissal of the application or other adverse ruling on the merits as a sanction.

### 17 **Comment**

18  
19 This section is not intended to be applied to communications made by or to a presiding  
20 officer or personal staff assistant regarding noncontroversial practice and procedure matters such  
21 as number of pleadings, number of copies or type of service. Communications related to  
22 contested procedural issues or motions are covered by Section 409(a). Other communications not  
23 on the merits but related to security or to the credibility of a party or witness are covered by  
24 Section 409(a). See *Matthew Zaheri Corp., Inc. v. New Motor Vehicle Board* (1997) 55 Cal.  
25 App. 4<sup>th</sup> 1305. However, this section goes further in permitting advice to the presiding officer  
26 from staff members on complex technical and scientific matters, but permits parties to reply to  
27 those staff communications.

28  
29 This section also provides another remedy besides disclosure and party reply. In a case

1 where disclosure and reply are inadequate to cure or eliminate the effect of the ex parte contact, a  
2 protective order may be issued. The intent of authorizing the protective order is to keep the ex  
3 parte material from the successor presiding officer.

4  
5 This section draws in part from the systematic California provisions on ex parte contacts.  
6 See West's Ann.Cal.Gov.Code Section 11430.10 to 11430.80. The California sections address  
7 many of the problems that arise in this area, and attempt to distinguish technical, advisory  
8 contacts from agency staff to presiding officers or agency heads from other kinds of party  
9 contacts.

10  
11 **SECTION 40810. ADMINISTRATIVE ADJUDICATION CODE OF ETHICS.**

12 (a) Except as otherwise provided in subsection (b), the administrative law judge code of  
13 ethics adopted in the state governs the hearing and other conduct of a full time administrative  
14 law judge or other presiding officer adjudicating a contested case.]

15 ~~Except as otherwise provided in subsection (b), the [code of judicial ethics] applicable to the~~  
16 ~~conduct of judges [in the judicial branch in this state] governs the hearing and other conduct of~~  
17 ~~an administrative law judge or other presiding officer adjudicating a contested case.~~

18  
19 (b) Section 4079 governs the standards for ex parte communication. Section 402 governs  
20 disqualification of presiding officers. Restrictions on financial interests, political activity or on  
21 accepting honoraria, gifts, or travel are governed by state law other than ~~this act~~ is act ~~[code of~~  
22 ~~judicial ethics]~~.

23 **Comment**

24  
25 Section 40810 is based on the provisions of the California A.P.A. California Government  
26 Code Sections 11475 to 11475.70 (Administrative Adjudication Code of Ethics). This section  
27 applies to administrative law judges the provisions of the Code of Judicial Ethics applicable to  
28 judges in the judicial branch in the state, with exceptions as noted. Some of the exceptions are  
29 based on provisions of this act. Other exceptions are based on state statutes governing the ethical  
30 responsibilities of government officials and employees. Section 40810 provides applicable law to  
31 govern disqualification of presiding officers under Section 402(e).  
32

1       **SECTION ~~40911~~. INTERVENTION.**

2       (a) A presiding officer shall grant a timely petition for intervention in a contested case if:

3               (1) the petitioner has a statutory right to initiate, or to intervene in, the  
4 proceeding in which intervention is sought.

5               (2) the petitioner has an interest that will or may be adversely affected by the  
6 outcome of the proceeding and that interest is not adequately represented by existing parties.

7       (b) A presiding office may grant a timely petition for intervention when the petitioner  
8 has a conditional statutory right to intervene, or when the petitioner's claim or defense is based  
9 on the same transaction or occurrence as the contested case.

10       (c) When intervention is granted or at any subsequent time, the presiding officer may  
11 impose conditions upon the intervenor's participation in the proceedings.

12       (d) A presiding officer may permit intervention provisionally~~conditionally~~ and, at any  
13 time later in the proceedings or at the end of the proceedings, may revoke the  
14 provisional~~conditional~~ intervention.

15       (e) Upon request by the interveners or existing parties, the presiding officer may hold a  
16 hearing on the intervention petition. ~~Existing parties to a contested case proceeding have the~~  
17 ~~right to be heard on the issues related to whether the presiding officer shall grant or deny a~~  
18 ~~pending petition for intervention.~~

19       (f) The presiding officer, at least [24 hours] before the hearing, shall issue an order  
20 granting or denying each pending petition for intervention, specifying any conditions, and briefly  
21 stating the reasons for the order. The presiding officer shall promptly give notice to the petitioner  
22 for intervention and to all parties of an order granting, denying, or modifying intervention.

23                               **Comment**

1  
2 Section 411 is based in part of 1981 MSAPA Section 4-209. See also Federal Rule of  
3 Civil Procedure Rule 24 (intervention of right under Rule 24(a), and permissive intervention  
4 under Rule 24(b)).  
5

6 Subsection (c) recognizes the normal judicial practice of limiting the participation of  
7 intervenors, especially on cross examination, to their particular interest and taking any other  
8 procedural steps or limitations in order to maintaining an orderly and expeditious hearing.  
9 Mandatory intervention is provided for in subsections (a)(1), and (2). Permissive intervention is  
10 provided for in subsection (b). Subsection (d) recognizes the power of the presiding officer to  
11 dismiss a party who has intervened at any time after intervention has occurred when it appears  
12 that the conditions of this section or the requirements for the intervening party's standing have  
13 not been satisfied. Subsection (f) provides for notice suitable under the circumstances to enable  
14 parties to anticipate and prepare for changes that may be caused by the intervention.  
15

## 16 **SECTION 412. SUBPOENAS.**

17 (a) In a contested case, upon tender of the proper fees for witnesses calculated in the  
18 same manner as under the rules of civil procedure by the party applying for the subpoena, the  
19 presiding officer or any other officer to whom the power is delegated may issue subpoenas for  
20 the attendance of witnesses and the production of books, records and other evidence for use at  
21 the hearing.

22 (b) After the commencement of a contested case, when a written request for a subpoena  
23 to compel attendance by a witness at the hearing of the case or to produce books, papers, records,  
24 or records that are relevant and reasonable is made by a party, the presiding officer shall issue  
25 subpoenas.

26 (c) Subpoenas, protective orders, and other orders issued under this section may be  
27 enforced pursuant to the rules of civil procedure.

## 28 **Comment**

29 Section 412 is based in part on 1981 MSAPA Section 4-210. See also California  
30 Government Code sections 11450.05 to 11450.50 (subpoenas in administrative adjudication).  
31

1           **SECTION 413. DISCOVERY.**

2           (a) As used in this section, “statement” includes records signed by a person of his or her  
3 oral statements and records that summarize these oral utterances.

4           (b) Except in an emergency hearing under Section 40~~8~~7, a party, upon written notice to  
5 another party at least [   ] days before an evidentiary hearing, is entitled to:

6                   (1) obtain the names and addresses of witnesses that the disclosing party will  
7 present at the contested case hearing -to the extent known to the other party; and

8                   (2) inspect and make a copy of any of the following material in the possession,  
9 custody, or control of the other party:

10                           (A) a statement of a person named in the initial pleading or any  
11 subsequent pleading if it is claimed that respondent’s act or omission as to that person is the  
12 basis for the adjudication;

13                           (B) a statement relating to the subject matter of the adjudication made by  
14 any party to another party or person;

15                           (C) statements of witnesses then proposed to be called and of other  
16 persons having knowledge of facts that are the basis for the proceeding;

17                           (D) all writings, including reports of mental, physical, and blood  
18 examinations and things which the party then proposes to offer in evidence;

19                           (E) investigative reports made by or on behalf of the agency or other  
20 party pertaining to the subject matter of the adjudication, to the extent that these reports contain  
21 the names and addresses of witnesses or of persons having personal knowledge of the acts,  
22 omissions, or events that are the basis for the adjudication or reflect matters perceived by the  
23 investigator in the course of the investigation, or contain or include by attachment any statement

or writing described in this section;

(F) any exculpatory material in the possession of the agency; or

(G) any other material for good cause shown.

(3) Parties to contested case proceedings have a duty to supplement responses provided under subsection (b) to include information thereafter acquired to the extent that information will be relied upon in the contested case hearing.

(c) Upon petition, a presiding officer may issue a protective order for any material for which discovery is sought under this section that is exempt, privileged, or otherwise made confidential or protected from disclosure by law.

(d) Upon petition, the presiding officer may issue an order compelling discovery for refusal to comply with a discovery request unless good cause exists for refusal. Failure to comply with the discovery order shall be enforced according to the rules of civil procedure.

#### **Comment**

Discovery in administrative adjudication is more limited than in civil court proceedings. Nevertheless discovery is available for the items listed in subsection (b). See California Government Code Section 11507.6 to 11507.7 (discovery in administrative adjudication).

#### **SECTION 414. CONVERSION.**

(a) An adjudication in a contested case of one type may be converted to an adjudication of another type under this [article] if:

(1) the adjudication at the time of conversion no longer meets the requirements under this [article] for adjudication of the type for which it was originally commenced; and

(2) at the time it is converted it meets the requirements under this [article] for the type of adjudication to which it is being converted.



1 (b) To the extent practicable and consistent with the rights of the parties and the  
2 requirements of this [article] relative to the new proceeding, the record of the original proceeding  
3 must be used in the new proceeding.

4 (c) The agency may adopt rules to govern the conversion of one type of proceeding  
5 under this [article] to another. The rules may include an enumeration of the factors to be  
6 considered in determining whether and under which circumstances one type of proceeding will  
7 be converted to another.

#### 8 **Comment**

9  
10 Section 414 is based in part on 1981 MSAPA Section 1-107. See also California  
11 Government Code Sections 11470.10 to 11470.50. Under this section the presiding officer is  
12 empowered to convert from one type of disputed case adjudication to another in appropriate  
13 circumstances. Conversion may only occur if two requirements are satisfied: the situation that  
14 met the requirements under this article for the original proceeding must no longer exist, and the  
15 requirements for the new type of proceeding under this article are now satisfied. Meeting both  
16 requirements is mandatory in order to prevent a presiding officer from converting an  
17 adjudication under Section 402 to an informal adjudication in a situation where the procedural  
18 protections of Section 402 are still justified under this article.  
19

#### 20 **SECTION 415. DEFAULT.**

21 (a) Unless displaced or modified by law other than this [act], if a party without good  
22 cause fails to attend or participate in a pre-hearing conference, hearing, or other stage of a  
23 disputed case, the presiding officer may issue a default order or proceed with a hearing in the  
24 absence of the party.

25 (b) Under subsection (a), a default judgment must be based on the absent party's  
26 admissions or other evidence and affidavits, which can be used without notice to the absent  
27 party. This subsection does not apply where the burden is on the absent party to establish that he  
28 or she is entitled to the agency action sought.

1 (c) Within [ ] days after a decision is rendered against a party who failed to appear, that  
2 party may petition the presiding officer to vacate the recommended or final order. If adequate  
3 reasons are provided showing good cause for the party's failure to appear, the presiding officer  
4 shall vacate the decision and, after proper service of notice, conduct another evidentiary hearing.  
5 If adequate reasons are not provided showing good cause for the party's failure to appear, the  
6 presiding officer shall deny the motion to vacate.

#### 7 **Comment**

8 Under this section the presiding officer the power to impose a default judgment.  
9 However, the default decision must be based upon prima facie evidence. Among the other laws  
10 that modify the presiding officer's discretion are the [state] rules of civil procedure. The section  
11 thus authorizes a presiding officer to issue a default judgment for the same reasons as contained  
12 in the state rules of civil procedure.

13  
14 Subsection (b) is adapted from the Alaska Administrative Procedure Act, AS 44.62.530  
15 and the California Administrative Procedure Act, West's Ann.Cal.Gov.Code § 11520.  
16

#### 17 **SECTION 416. LICENSES.**

18 (a) If an opportunity for an evidentiary hearing is not required by law for agency action  
19 on an application for a license, the agency shall give prompt notice of its action in response to an  
20 application. If the agency denies an application under this section, the agency shall include the  
21 reasons for denial.

22 (b) When a licensee has made timely and sufficient application for the renewal of a  
23 license, the existing license does not expire until the application has been finally acted upon by  
24 the agency and, if the application is denied or the terms of the new license are limited, the last  
25 day for seeking review of the agency decision is 45 days from the date of the agency decision  
26 denying the application or limiting the terms of the new license or a later date fixed by order of  
27 the reviewing court.

(c) If the agency finds that emergency action against a license is required, the action shall be conducted under Section 408.

### Comment

Subsection (b) was taken from the 1961 Model State Administrative Procedure Act, section 14(b), which has been adopted by many states. See, for example: Alabama, Ala.Code 1975 Section 41-22-19; Tennessee, T. C. A. Section 4-5-320; Michigan, M.C.L.A. 24.291; and Wisconsin, W.S.A. 227.51.

### SECTION 417. ORDERS: FINAL AND RECOMMENDED.

(a) If the presiding officer is the agency head, the presiding officer shall render a final order.

(b) If the presiding officer is not the agency head, the presiding officer shall render a recommended decision [proposed decision], when the presiding officer has not been delegated final decisional authority. When the presiding officer has been delegated final decisional authority, the presiding officer shall render a decision which shall becomes a final order ~~order~~ in [30] days, unless reviewed by the agency head on its own motion or on petition of a party.

(c) Unless the time is extended by stipulation, waiver, or upon a showing of good cause, a recommended or final order must be served in writing within 90 days after conclusion of the hearing or after submission of memos, briefs, or proposed findings, whichever is later.

(d) A recommended or final order must include separately stated findings of fact and conclusions of law on all material issues of fact, law, or discretion, the remedy prescribed, and, if applicable, the action taken on a petition for stay. A party may submit proposed findings of fact. If a party has submitted proposed findings of fact, the order must include a ruling on the proposed findings. The order must also include a statement of the available procedures and time limits for seeking reconsideration or other administrative relief, and a statement of the time

1 limits for seeking judicial review of the agency order. A recommended decision must include a  
2 statement of any circumstances under which the recommended decision, without further notice,  
3 may become a final order.

4 (e) Findings of fact must be based exclusively upon the evidence of the agency hearing  
5 record in the contested case and on matters officially noticed.

6 (f) A presiding officer shall cause copies of the recommended or final order to be  
7 delivered to each party and to the agency head within the time limits set in subsection (c).

#### 8 **Comment**

9 See section 102(24) of this act for the definition of “recommended decision”. This  
10 section draws upon useful provisions from several states. E.g. see: Alabama, Ala.Code 1975  
11 Section 41-22-16; Iowa, I.C.A. Section 17A.15; Kansas, K.S.A. Section 77-526; Michigan,  
12 M.C.L.A. 24.281; Montana, MCA 2-4-623; Washington, RCWA 34.05.461.

13  
14 The third sentence of subsection (d) is taken from the 1961 MSAPA.  
15

#### 16 **SECTION 418. AGENCY REVIEW OF RECOMMENDED DECISIONS.**

17 (a) An agency head may review a recommended decision on its own motion.

18 (b) A party may petition the agency head to review a recommended decision. Upon  
19 petition by any party, the agency head shall review an agency order, except to the extent that:

20 (1) a provision of law precludes or limits agency review of the recommended  
21 decision; or

22 (2) the agency head, in the exercise of discretion conferred by law other than this  
23 [act], declines to review the recommended decision.

24 (c) A petition for review of a recommended decision must be filed with the agency head,  
25 or with any person designated for this purpose by rule of the agency, within [10] days after the  
26 recommended decision is rendered. If the agency head decides to review a recommended

1 decision on its own motion, the agency head shall give written notice of its intention to review  
2 the recommended decision within [10] days after it is rendered.

3 (d) The [10]-day period for a party to file a petition, or for the agency head to give notice  
4 of its intention to review a recommended decision in subsection (b), is tolled by the submission  
5 of a timely petition for reconsideration of the recommended decision pursuant to this section. A  
6 new [10]-day period starts to run upon disposition of any petition for reconsideration or agency  
7 head review under subsection (b). If a recommended decision is subject both to a timely petition  
8 for reconsideration and to a petition for appeal or to review by the agency head on its own  
9 motion, the petition for reconsideration must be disposed of first, unless the agency head  
10 determines that action on the petition for reconsideration has been unreasonably delayed.

11 (e) An agency head that reviews a recommended decision shall exercise all the decision-  
12 making power that the agency head would have had if the agency head had conducted the  
13 hearing that produced the recommended decision, except to the extent that the issues subject to  
14 review are limited by a provision of law other than this [act] or by order of the agency head upon  
15 notice to all the parties. In reviewing findings of fact in recommended decisions by presiding  
16 officers, the agency head shall give due regard to the presiding officer's opportunity to observe  
17 the witnesses. The agency head shall consider the agency record or such portions of it as have  
18 been designated by the parties.

19 (f) An agency head may render a final order disposing of the proceeding or may remand  
20 the matter for further proceedings with instructions to the presiding officer who rendered the  
21 recommended decision. Upon remanding a matter, the agency head may order such temporary  
22 relief as is authorized and appropriate.

23 (g) A final order or an order remanding the matter for further proceedings under this

1 section must identify any difference between the order and the recommended decision and shall  
2 state the facts of record which support any difference in findings of fact, state the source of law  
3 which supports any difference in legal conclusions, and state the policy reasons which support  
4 any difference in the exercise of discretion. A final order under this section must include, or  
5 incorporate by express reference to the recommended decision, all the matters required by  
6 Section 416(d). The agency head shall cause an order issued under this section to be delivered to  
7 the presiding officer and to all parties.

#### 8 **Comment**

9  
10 This section draws upon 1981 MSAPA, which reflects current practice in regard to  
11 recommended decisions, final orders and review of final orders more accurately than the 1961  
12 MSAPA. Subsections (b) and (e) draw upon the Washington APA, West's RCWA 34.05.464,  
13 and the Kansas APA, K.S.A. § 77-527. The object of subsection (e) is to assure agency head  
14 consideration of the issues tendered in the case.  
15

#### 16 **SECTION 419. RECONSIDERATION.**

17 (a) Any party, within [ ] days after notice of a recommended or final order is given, may  
18 file a petition for reconsideration that states the specific grounds upon which relief is requested.  
19 The place of filing and other procedures, if any, shall be specified by agency rule.

20 (b) If a petition for reconsideration is timely filed, and if the petitioner has complied with  
21 the agency's procedural rules for reconsideration, if any, the time for filing a petition for judicial  
22 review does not commence until the agency disposes of the petition for reconsideration as  
23 provided in Section 504(d).

24 (c) If a petition is filed under subsection (a), the presiding officer shall render a written  
25 order within [20] days denying the petition, granting the petition and dissolving or modifying the  
26 recommended or final order, or granting the petition and setting the matter for further

proceedings. The petition may be granted only if the presiding officer states findings of facts, conclusions of law, and the reasons for granting the petition.

### **Comment**

This section is based in part on the Washington APA, West's RCWA 34.05.470. This section creates a general right to seek reconsideration of a recommended or final order. Subsection (b) must be read concurrently with Section 507(d), which excuses exhaustion to the extent that a provision of this [act] provides for excuse.

**SECTION 420. STAY.** Except as otherwise provided by law other than this [act], a party may request an agency to stay a recommended or final order within [five] days after it is rendered.

### **Comment**

The 1961 MSAPA § 15 contained a provision for a stay. Stays are sometimes necessary to preserve the status quo pending agency review or judicial review.

### **SECTION 421. AVAILABILITY OF ORDERS; INDEX.**

(a) Except as otherwise provided in subsections (b), (c), and (d), an agency shall index, by caption and subject, all final orders and final written decisions in contested cases and make the index and all final orders and decisions available for public inspection and copying, at cost in its principal offices. The agency must also furnish the index and all final orders and decisions in contested cases online through the [publisher] via the [publisher's] Internet website without charge, or in writing upon request at a cost to be determined by the agency.

(b) Final orders or decisions that are exempt, privileged, or otherwise made confidential or protected from disclosure by law, [the disclosure of which would constitute an unwarranted invasion of privacy or release of trade secrets], are not public records and may not be indexed.

(c) A final order or decision under this subsection may be excluded from disclosure only

1 by order of the presiding officer. The justification for the exclusion must be explained in writing  
2 and attached to the order.

3 (d) If, in the judgment of the presiding officer, it is possible to redact or to prepare a  
4 generic version of a final order or decision that is exempt, privileged or otherwise made  
5 confidential or protected from disclosure by law so that it complies with the requirements of law,  
6 the redacted or the generic version of the document may be indexed and published.

7 (e) An agency may not rely on a final order or a written final decision as precedent in  
8 future adjudications unless the order or decision has been designated as a precedent by the  
9 agency, and the order or decision has been published, indexed, and made available for public  
10 inspection.

### 11 **Comment**

12  
13 This section is entirely new. This section continues the concept, seen earlier in  
14 connection with rules, of preventing earlier decisional law known only to agency personnel from  
15 constituting the basis for decision in a disputed case. Subsection (c) is based in part on the  
16 provisions of California Government Code Section 11425.60. If the agency wishes to use a case  
17 as precedent in the future, it must make the order and decision in that case available to the  
18 public. The only situations in which an agency may rely on a contested case as precedent without  
19 indexing and making that decision and order available to the public are described in subsection  
20 (b) of this section.

21  
22 In some states there have been attacks on agency adjudications on the basis that the  
23 proceeding should be conducted under the provisions for rulemaking. In the case of *SEC v.*  
24 *Chenery Corp.*, 332 U.S. 194 (1947) the United States Supreme Court held that the choice of  
25 whether to proceed by rulemaking or adjudication is left entirely to the discretion of the agency,  
26 because not every principle can be immediately promulgated in the form of a rule. In the words  
27 of the Supreme Court “Some principles must await their own development, while others must be  
28 adjusted to meet particular, unforeseeable situations.” Most states follow *Chenery*. See  
29 *Illuminating a Bureaucratic Shadow World: Precedent Decisions under California’s Revised*  
30 *Administrative Procedure Act*, 21 J. Nat’l A. Admin. L. Judges 247 (2001) at n. 68.

31  
32 This section makes clear that the choice between rulemaking and adjudication is entirely  
33 in the discretion of the agency. However, in order to prevent law to which the public does not  
34 have access from constituting the basis for decision, final orders must be indexed and available  
35 to the public. See also the California administrative procedure act at West’s Ann. Cal. Gov.



1 Code, § 11425.60  
2

1 [ARTICLE 5]

2 JUDICIAL REVIEW

3  
4 SECTION 501. RIGHT TO JUDICIAL REVIEW; FINAL AGENCY ACTION  
5 REVIEWABLE.

6 (a) As used in this [article], final agency action means agency action that imposes an  
7 obligation, denies a right, or fixes some legal relationship as a result of an administrative  
8 process. Agency action that is a failure to act is not judicially reviewable except that a reviewing  
9 court shall compel agency action that is unlawfully withheld or unreasonably delayed.

10 (b) A person otherwise qualified under this [article] is entitled to judicial review of a  
11 final agency action.

12 (c) A person is entitled to judicial review of agency action not subject to review under  
13 subsection (a) if postponement of judicial review would result in an inadequate remedy or  
14 irreparable harm that outweighs the public benefit derived from postponement.

15 Comment

16 Subsection (a) of this section provides a right of judicial review of final agency action by  
17 appropriate parties. Under this section, the person seeking review must meet all of the  
18 requirements of this article, which include standing, exhaustion of remedies, and time for filing.  
19 The definition of “agency action” is found in Section 102. This section is similar to the judicial  
20 review provisions of Florida (West’s F.S.A. Section 120.68), Iowa (I.C.A. Section 17A.19),  
21 Virginia (Va. Code Ann. Section 2.2-4026) and Wyoming (W.S.1977 Section 16-3-114). Agency  
22 failure to act is not judicially reviewable unless agency action is unlawfully withheld or  
23 unreasonably delayed. This provisions is based on the federal A.P.A., 5 U.S.C. Section 706(1).  
24

25 Subsection (a) also defines final agency action. The definition used here is found in state  
26 and federal cases. See State Bd. Of Tax Comm’rs v. Ispat Inland, 784 N.E.2D 477 (Ind., 2003);  
27 District Intown Properties v. D.C. Dept. Consumer and Regulatory Affairs, 680 A.2d 1373 (Ct.  
28 App. D.C. 1996); Texas Utilities Co. v. Public Citizen, Inc, 897 S.W.2d 443 (Tex. App. 1995);  
29 Bennet v. Spear, 520 U.S. 154, 117 S.Ct. 1154 (1997); Mobil Exploration and Producing Inc. v.  
30 Dept. Interior, 180 F.3d 1192, 1197 (10<sup>th</sup> Cir. 1999).

Subsection (c) creates a limited right to review of non-final agency action.

## **SECTION 502. REVIEW OF AGENCY ACTION OTHER THAN ORDER. A**

person otherwise qualified under this [article] is entitled to judicial review of agency rules and final agency action other than an order if the action is ripe. Factors to be considered in making the determination are whether the agency has taken final action that involves a concrete, specific legal issue and whether postponement of judicial review will subject the person to irreparable harm.

### **Comment**

This section seeks to recognize the prudential exception to finality and ripeness sometimes recognized for rules and other types of agency action by agencies such as rules, advisory letters and guidance documents. It seeks to incorporate the general tests for finality and ripeness taken from the cases of *Abbott Laboratories v. Gardner*, 387 U.S. 136, 148-149, 87 S.Ct. 1507, 18 L.Ed.2d 681 (1967); *FTC v. Standard Oil Co.*, 449 U.S. 232, 101 S.Ct. 488 (1980) and *Bennett v. Spear*, 520 U.S. 154, 117 S.Ct. 1154 (1997), which have been cited with approval and followed in many states. Under this subsection, some appellant challenges or bases for challenge will be ripe for review, but many will not. The subsection seeks to furnish guidance to state courts attempting to apply the doctrines of finality and ripeness. Under this section, the person seeking review must meet all of the requirements of this article, which include standing, exhaustion of remedies, and time for filing.

The finality determination is to be made case by case in a pragmatic, flexible fashion. Fitness for review is present where issues to be considered are purely legal ones, so that further factual development of the issues is not necessary. Hardship involves imposition of significant practical harm. Some cases have equated that harm with impact that would justify equitable intervention. The harm element has also been approached by asking the question: does the agency action pose a difficult dilemma for the party, so that he or she must immediately take action that will be very expensive and cannot be recovered or face expensive prosecution in the future.

## **SECTION 503. RELATION TO OTHER JUDICIAL REVIEW LAW AND**

**RULES.** Unless otherwise provided by a statute of this state other than this [act], judicial review of final agency action may be taken only by proceeding as provided by [state] [rules of appellate

1 procedure] [rules of civil procedure]. An appeal from final agency action may be taken  
2 regardless of the amount involved. The court may grant any type of relief that is available and  
3 appropriate.

#### 4 **Comment**

5  
6 This section places appeals from final agency action within the existing state rules of  
7 appellate procedure. Such action may be preferred by some states because of constitutional  
8 provisions or because of the existence of rules of appellate procedure that the legislature may not  
9 wish to change. This practice was followed under the 1961 MSAPA, and is followed in a  
10 number of states today. See e.g.: Alaska (AS 44.62.560), California (West's Ann.Cal.Gov.Code  
11 Section 11523), Delaware (29 Del.C. Section 10143), Florida (West's F.S.A. Section 120.68),  
12 Iowa (I.C.A. § 17A.20), Michigan (M.C.L.A. 24.302), Minnesota (M.S.A. § 14.63) (Appeal  
13 integrated with state appellate rules), Virginia (Va. Code Ann. Section 2.2-4026), Wyoming  
14 (W.S.1977 § 16-3-114).  
15

### 16 **SECTION 504. TIME FOR SEEKING JUDICIAL REVIEW OF AGENCY**

#### 17 **ACTION, LIMITATIONS.**

18 (a) A proceeding to contest any rule on the ground of noncompliance with the procedural  
19 requirements of this [act] must be commenced within two years from the effective date of the  
20 rule.~~Except as O~~therwise ~~provided in Section 314, and~~ subject to Section 502, judicial review  
21 of a rule may be sought at any time.

22 (b) Judicial review of an order or other final agency action other than a rule must be  
23 commenced within 30 days after issuance of the order or other agency action.

24 (c) A time for seeking judicial review under this section is tolled during any time a party  
25 is pursuing an administrative remedy before the agency which must be exhausted as a condition  
26 of judicial review.

27 (d) A party may not file or petition for judicial review while seeking reconsideration  
28 under Section 418. During the time that a petition for reconsideration is pending before an

agency, the time for seeking judicial review in subsection (b) is tolled.

**Comment**

The first sentence of subsection (a) is based on 1961 Model State Administrative Procedure Act, section (3)(c)., and on Section 3-113(b) of the 1981 Model State Administrative Procedures Act. The scope of challenges permitted for noncompliance with procedural requirements under Section 314 includes all applicable requirements of article 3 for the type of rule being challenged.

**SECTION 505. STAYS PENDING APPEAL.** The initiation of judicial review does not automatically stay an agency decision. An appellant may petition the reviewing court for a stay upon the same basis as stays are granted under the [state] rules of [appellate] [civil] procedure, and the reviewing court may grant a stay whether or not the appellant first sought a stay from the agency.

**Comment**

This provision for stay permits a party appealing agency final action to seek a stay of the agency decision the court. This is similar to the 1961 MSAPA.

**SECTION 506. STANDING.** The following persons have standing to obtain judicial review of a final agency action:

- (1) a person eligible for standing under law of this state other than this [act]; and
- (2) a person otherwise aggrieved or adversely affected by the agency action.

**Comment**

Subsection (1) confers standing that arises under any other provision of law. Examples of this type of standing are statutes that expressly confer standing in general language such as, for example, “any person may commence a civil suit in his own behalf... to enjoin... an agency... alleged to be in violation of this chapter. . . . 16 U.S.C.A. § 1540, explained in *Bennett v. Spear*, 520 U.S. 154, 117 S.Ct. 1154(1997). Another example is standing recognized in judicial decision or common law.

Subsection (2) uses the term person “aggrieved or adversely affected”. This term is based

1 in part on the provisions of the federal A.P.A., 5 U.S.C. Section 702. These words have become  
2 terms of art used to describe types of injury that were not recognized at common law. An  
3 example of a person entitled to standing who is intended to be included under subsection (2) is a  
4 competitor. These terms have also been used to recognize standing based on non-economic  
5 values, such as aesthetic or environmental injuries.  
6

## 7 **SECTION 507. EXHAUSTION OF ADMINISTRATIVE REMEDIES.**

8 (a) Subject to subsection (e) or a statute other than this [act] that provides that a person  
9 need not exhaust their administrative remedies, a person may file a petition for judicial review  
10 under this [act] only after exhausting all administrative remedies available within the agency  
11 whose action is being challenged and within any other agency authorized to exercise  
12 administrative review.

13 (b) Filing a petition for reconsideration or a stay of proceedings is not a prerequisite for  
14 seeking administrative or judicial review.

15 (c) A petitioner for judicial review of a rule need not have participated in the rulemaking  
16 proceeding upon which that rule is based.

17 (d) If the issue that a petitioner for judicial review of a rule under this section raises was  
18 not raised and considered in a rulemaking proceeding, before bringing a petition for judicial  
19 review, the petitioner must petition the agency to initiate rulemaking under Section 317 to take  
20 action to resolve or cure the issue or issues that the petitioner is challenging. In the petition for  
21 judicial review, the petitioner must disclose to the court the petition for rulemaking and the  
22 agency action on that petition.

23 (e) The court may relieve a petitioner of the requirement to exhaust any or all  
24 administrative remedies to the extent that the administrative remedies are inadequate or would  
25 result in irreparable harm.

1 **Comment**

2  
3 This section creates a default requirement of exhaustion, which is generally followed in  
4 the states. However, the section creates several exceptions to the default rule. Subsection (b)  
5 requires issue exhaustion in appeals from rulemaking for persons who did not participate in the  
6 challenged rulemaking. It excuses persons seeking judicial review of a rule who were not parties  
7 before the agency from the exhaustion requirement; but, if the issue that they seek to raise was  
8 not raised and considered in the rulemaking proceeding that they challenge, then they must first  
9 petition the agency to conduct another rulemaking to consider the issue. If the agency refuses to  
10 do so or if the agency conducts a second rulemaking that is adverse to the petitioner on the issue  
11 or issues raised in his petition for rulemaking, then the petitioner may seek judicial review.  
12 Subsection (d) recognizes the judicially created exception to the exhaustion requirement where  
13 agency relief would be inadequate or would result in irreparable harm. In some states courts  
14 have held that irreparable harm that is a sufficient condition to excuse exhaustion exists only if it  
15 outweighs the public interest in exhaustion. State courts are free under this section to engage in  
16 that weighing test.  
17

18 **SECTION 508. AGENCY RECORD ON JUDICIAL REVIEW; EXCEPTION.**

19 Judicial review of adjudication and rulemaking is confined to the agency record or arising from  
20 the record except when the petitioner alleges procedural error arising from matters outside the  
21 agency record or alleges matters that are not evident from the record that involve new evidence  
22 or changed circumstances. The record may be opened only to avoid manifest injustice.

23 **Comment**

24  
25 This section establishes a default closed record for judicial review of adjudication and  
26 rulemaking. It is well established in most states and in federal administrative procedure that, in  
27 case of adjudication, judicial review is based upon that evidence which was before the agency on  
28 the record. Otherwise, the standards of judicial review could be subverted by the introduction of  
29 additional evidence to the court that was not before the agency. See *Western States Petroleum*  
30 *Ass'n v. Superior Court*, 888 P.2d 1268 (Cal. 1995). For rulemaking, the record for judicial  
31 review is defined in Section 302 of this Act.  
32

33 The section contains an exception to the closed record on review where petitioner alleges  
34 error, such as ex parte contacts, that does not appear in or is not evident from the record. Other  
35 examples of error that do not appear or are not evident from the record are: improper constitution  
36 of the decision making body, grounds for disqualification of a decision maker, or unlawful  
37 procedure. However, the standard for opening the record on appeal is high.  
38

1           **SECTION 509. SCOPE OF REVIEW.**

2           (a) In judicial review of an agency action, the following rules apply:

3                   (1) Except as provided by law of this state other than this [act], the burden of  
4 demonstrating the invalidity of agency action is on the party asserting invalidity.

5                   (2) The court shall make a separate and distinct ruling on each material issue on  
6 which the court's decision is based.

7                                   **ALTERNATIVE 1**

8                   (3) The court may grant relief only if it determines that a person seeking judicial  
9 review has been prejudiced by one or more of the following:

10                           (A) the agency erroneously interpreted or applied the law, or acted in  
11 excess of its authority under the law;

12                           (B) the agency committed an error of procedure;

13                           (C) the agency action is arbitrary, capricious, an abuse of discretion, or  
14 otherwise not in accordance with law;

15                           (D) an agency determination of fact is not supported by substantial  
16 evidence in the record as a whole~~considered in light of the entire record~~; or

17                           (E) to the extent that the facts are subject to trial de novo by the reviewing  
18 court, the action was unwarranted by the facts.

19                                   **ALTERNATIVE 2**

20                   (3) The court may grant relief only if it determines that a person seeking judicial  
21 review has been prejudiced and the agency action is :

22                           (A) unconstitutional on its face or as applied or is based upon a provision  
23 of law that is unconstitutional on its face or as applied;



1 (B) beyond the authority delegated to the agency by any provision of law  
2 or is in violation of any provision of law;

3 (C) based upon an erroneous interpretation of a provision of law whose  
4 interpretation has not clearly been vested by a provision of law in the discretion of the agency;

5 (D) based upon a procedure or decision-making process prohibited by law  
6 or was taken without following the prescribed procedure or decision-making process;

7 (E) the product of decision-making undertaken by persons who were  
8 improperly constituted as a decision-making body, were motivated by an improper purpose, or  
9 were subject to disqualification;

10 (F) based upon a determination of fact clearly vested by a provision of  
11 law in the discretion of the agency that is not supported by substantial evidence in the agency  
12 record before the court when that record is viewed as a whole. "Substantial evidence" means the  
13 quantity and quality of evidence that would be deemed sufficient by a neutral, detached, and  
14 reasonable person, to establish the fact at issue when the consequences resulting from the  
15 establishment of that fact are understood to be serious and of great importance.

16 "When that record is viewed as a whole" means that the adequacy of the  
17 evidence in the record before the court to support a particular finding of fact must be judged in  
18 light of all the relevant evidence in the record cited by any party that detracts from that finding as  
19 well as all of the relevant evidence in the record cited by any party that supports it, including any  
20 determinations of veracity by the presiding officer who personally observed the demeanor of the  
21 witnesses and the agency's explanation of why the relevant evidence in the record supports its  
22 material findings of fact.

23 (G) action other than a rule that is inconsistent with a rule of the agency;

1 (H) action other than a rule that is inconsistent with the agency's prior  
2 practice or precedent, unless the agency has stated credible reasons sufficient to indicate a fair  
3 and rational basis for the inconsistency;

4 (I) the product of reasoning that is so illogical as to render it wholly  
5 irrational;

6 (J) the product of a decision-making process in which the agency did not  
7 consider a relevant and important matter relating to the propriety or desirability of the action in  
8 question that a rational decision maker in similar circumstances would have considered prior to  
9 taking that action;

10 (K) not required by law and its negative impact on the private rights  
11 affected is so grossly disproportionate to the benefits accruing to the public interest from that  
12 action that it must necessarily be deemed to lack any foundation in rational agency policy;

13 (L) based upon an irrational, illogical, or wholly unjustifiable  
14 interpretation of a provision of law whose interpretation has clearly been vested by a provision  
15 of law in the discretion of the agency;

16 (M) based upon an irrational, illogical, or wholly unjustifiable application  
17 of law to fact that has clearly been vested by a provision of law in the discretion of the agency;

18 or

19 (N) otherwise unreasonable, arbitrary, capricious, or an abuse of  
20 discretion.

21 **END OF ALTERNATIVES**

22 (b) In making the determinations under this section, the court shall review the whole  
23 agency record, or those parts designated by the parties, and shall take due account of the rule of

1 harmless error.

2  
3 **NOTE:** The drafting committee is divided on the scope of review provisions and seeks guidance  
4 from the committee of the whole. There are two schools of thought on the drafting committee.  
5

6 One view is that scope of review is notoriously difficult to capture in verbal formulas,  
7 and its application varies depending on context. For that reason, some members urge return to  
8 shorter, skeletal formulations of the scope of review, similar to the 1961 MSAPA. See Ronald  
9 M. Levin, Scope of Review Legislation, 31 Wake Forest L. Rev. 647 (1996) at 664-66. William  
10 D. Araiza, In Praise of a Skeletal APA, 56 Admin. L. Rev. 979 (2004). (Judiciary, not  
11 legislature, appropriate body to evolve specific standards for review, because of great variety of  
12 agency action and contexts, and inability to describe how general standards of review should  
13 apply to many of them). Alternative 1 reflects this view.  
14

15 The other view is that judicial review is sometimes almost perfunctory, and more detailed  
16 standards will result in closer judicial scrutiny. A related view strongly argued in drafting  
17 committee meetings was that scope of review is a device by which the judiciary assists the  
18 legislature to keep the agencies within the bounds set by the legislature, helps to assure agency  
19 action consistent with the intent of the legislature, and protects citizens from agency error. More  
20 detailed scope of review provisions also make the task of the judiciary easier because they  
21 provide clearer instructions from the legislature about how to review agency decisions. More  
22 detailed scope of review provisions lead to more intense judicial review, and that is an approach  
23 that legislatures welcome for the same reason that they have embraced regulatory review: it  
24 controls agency action. Alternative 2, which draws heavily on the Iowa provisions on scope of  
25 review ( I.C.A. 17. A.19(10)), represents this position.  
26

### 27 **Comment**

28  
29 Judicial review is essential and exists in all states. Subsections (a) (1) & (2) describe the  
30 general burdens on the appellant and the approach under this Act. They are substantially similar  
31 to the general scope of review provisions of the Federal APA, 5 U.S.C. Section 706.  
32

33 Subsections (a)[(3) alternative 1](A) & (B) identify the courts' power to decide questions  
34 of law and procedure. Subsection (a)[(3) alternative 1](A) includes, but is not limited to,  
35 violations of constitutional or statutory provisions and actions that are in excess of statutory  
36 authority from Section 15(g) of the 1961 MSAPA, and includes subsections (c) (1), (2) and (4)  
37 of the 1981 MSAPA. The section thus includes challenges to the facial or applied  
38 constitutionality of a statute, challenges to the jurisdiction of the agency, erroneous interpretation  
39 of the law, and may include erroneous application of the law. This section is not intended to  
40 preclude courts from according deference to agency interpretations of law, where such deference  
41 is appropriate.  
42

1 [ARTICLE] 6

2 OFFICE OF ADMINISTRATIVE HEARINGS

3  
4 SECTION 601. CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS.

5 (a) As used in this [article], office means the [Office of Administrative Hearings].

6 (b) The [Office of Administrative Hearings] is created as an independent nonpartisan  
7 agency to perform adjudicatory function and not perform the investigatory, prosecutorial, and  
8 policy-making functions of agencies.

9 (c) Administrative law judges shall be selected and appointed to the office through state  
10 employment selection processes ~~competitive examination~~ used in the [~~civil classified~~ service of  
11 state employment] or [by the chief administrative law judge].

12 (d) The administrative law judges of the agencies to which this [~~article~~ act] applies are  
13 employees of the office.

14 SECTION 602. DUTIES OF OFFICE.

15 (a) The office shall employ administrative law judges as necessary to conduct  
16 adjudicative proceedings required by this [act] or provisions of law other than this [act].

17 (b) Except as provided in this [article], the office shall provide an administrative law  
18 judge to serve as presiding officer unless the agency head hears the case.

19 SECTION 603. APPOINTMENT OF CHIEF ADMINISTRATIVE LAW JUDGE.

20 (a) The office is headed by a chief administrative law judge [appointed by the Governor  
21 with advice and consent of the [Senate] [House of Representatives] for a term of [6] years], and  
22 until a successor is appointed and qualifies for office. A chief administrative law judge may be  
23 removed only for good cause following notice and an opportunity for a contested case hearing.

1 (b) The chief administrative law judge:

2 (1) shall take an oath of office as required by law prior to the commencement of  
3 duties;

4 (2) shall have substantial experience in administrative law;

5 (3) shall devote full time to the duties of the office and may not engage in the  
6 practice of law;

7 (4) is eligible for reappointment;

8 (5) shall receive the salary provided by law;

9 (6) shall be licensed to practice law in the state and admitted to practice for a  
10 minimum of five years; and

11 (7) is subject to the code of conduct for administrative law judges pursuant to  
12 Section 410.

13 (c) The chief administrative law judge may employ a staff in accordance with law.

14 **SECTION 604. POWERS AND DUTIES OF CHIEF ADMINISTRATIVE LAW**

15 **JUDGE.** The chief administrative law judge shall:

16 (1) supervise and manage the office;

17 (2) assign randomly administrative law judges in any case referred to the office, taking  
18 into account administrative law judge expertise;

19 (3) protect and attempt to ensure the decisional independence of each administrative law  
20 judge;

21 (4) establish and implement standards for equipment, supplies, and technology for  
22 administrative law judges;

23 (5) provide and coordinate continuing education programs and services for

administrative law judges and advise them of changes in the law relative to their duties;

(6) adopt rules to implement this [article] through rulemaking proceedings in accordance with this [act];

[(7) [appoint and remove administrative law judges in accordance with this [article]; ]

[(8)] monitor the quality of adjudications in contested cases through training, observation, feedback and evaluation for professional development; and

[(9)] when necessary, discipline administrative law judges who do not meet appropriate standards of conduct and competence.

#### **SECTION 605. APPOINTMENT OF ADMINISTRATIVE LAW JUDGES.**

(a) An administrative law judge:

(1) shall take an oath of office as required by law prior to the commencement of duties;

(2) shall be admitted to practice law for at least [3] years [in the state];

(3) is subject to the requirements and protections of [classified service of state employment] and the state [code of judicial ethics];

(4) is subject to the code of conduct for administrative law judges adopted in the state;

(5) may be removed, suspended, demoted, or subject to disciplinary or adverse action only for good cause, after notice and an opportunity to be heard and a finding of good cause by an impartial presiding officer [or other appropriate state agency [civil service] [merit system];

(6) receive compensation provided by law;

(7) be subject to a reduction in force only in accordance with established [civil

1 service][ merit system] procedure;

2 (8) [must devote full time to the duties of the position] [may not engage in the  
3 practice of law unless serving as a part-time administrative law judge];

4 (9) may not perform duties inconsistent with the duties and responsibilities of an  
5 administrative law judge; and

6 (10) is subject to administrative supervision by the chief administrative law  
7 judge.

8 **SECTION 606. POWERS OF ADMINISTRATIVE LAW JUDGES.** An  
9 administrative law judge shall exercise all the powers of a presiding officer under this [act].

10 **Comment**

11 The powers and duties of presiding officers are contained in Sections 403 (contested case  
12 procedures, and Section 406 (informal adjudication procedures).  
13

14 **SECTION 607. COOPERATION OF STATE AGENCIES.**

15 (a) All agencies must cooperate with the chief administrative law judge in the discharge  
16 of the duties of the office, including, but not limited to, provision of information and  
17 coordination of schedules.

18 (b) An agency may not select or reject a particular administrative law judge for a  
19 particular proceeding.

20 **SECTION 608. DECISION-MAKING AUTHORITY OF ADMINISTRATIVE**  
21 **LAW JUDGES.**

22 (a) Unless the agency head elects to conduct the hearing, in which case the agency head  
23 shall render a final decision under Section 417(a), in a contested case, an administrative law  
24 judge shall be assigned to serve as the presiding officer. The administrative law judge shall

1 render the recommended [or final] decision of the agency in all adjudications in a contested case  
2 except for ~~contested~~~~disputed~~ cases involving the following agencies:

3 (1) [List name of agency] or [list subject matter of proceeding].

4 (b) Except as otherwise provided by law, an administrative law judge shall issue a  
5 recommended decision unless the agency head authorizes the issuance of a final decision. A  
6 recommended decision of an administrative law judge is a final agency decision unless the  
7 agency decides to review the decision. This section does not prevent an administrative law judge  
8 from issuing an order as a result of an emergency adjudication under Section 408.

9 (c) Except as provided by law other than this act, if a matter is referred to the [office] by  
10 an agency, the agency may take no further adjudicatory action with respect to the proceeding,  
11 except as a party litigant, as long as the [office] has jurisdiction over the proceeding. [This  
12 subsection does not prevent an appropriate interlocutory review by the agency or an appropriate  
13 termination or modification of the proceeding by the agency when authorized by law other than  
14 this act.]



1 | **[ARTICLE] 7**

2 | **RULES REVIEW**

3 | **[NOTE:** A state may choose the legislative rule review process stated in this article.]

5 | **SECTION 701. [LEGISLATIVE RULES REVIEW COMMITTEE].**

6 | (a) There is created a joint standing [~~r~~Rules ~~r~~Review ~~c~~Committee] of the ~~L~~egislature  
7 | designated the [~~r~~Rules ~~r~~Review ~~c~~Committee].

8 | **Legislative note:** States that have existing rules review committees can incorporate the  
9 | provisions of Sections 701, and 702, using the existing number of members of their current rules  
10 | review committee. Because state practice varies as to how these committees are structured, and  
11 | how many members of the legislative body serve on this committee, as well as how they are  
12 | selected, the act does not specify the details of the legislative review committee selection  
13 | process. Details of the committee staff and adoption of rules to govern the rules review  
14 | committee staff and organization are governed by law other than this act including the existing  
15 | law in each state.

17 | **SECTION 702. [RULES REVIEW COMMITTEE] DUTIES.**

18 | (a) An agency shall file a copy of an adopted, amended, or repealed rule with the [rules  
19 | review committee] at the same time it is filed with [the [publisher]].

20 | (b) The [~~r~~Rules ~~r~~Review ~~c~~Committee] shall examine currently effective final agency  
21 | rules and shall review newly adopted, amended, or repealed -rules on an ongoing basis to  
22 | determine whether the:

- 23 | (1) rule is a valid exercise of delegated legislative authority;
- 24 | (2) statutory authority for the rule has expired or been repealed;
- 25 | (3) rule is necessary to accomplish the apparent or expressed intent of the
- 26 | specific statute that the rule implements;
- 27 | (4) rule is a reasonable implementation of the law as it affects persons

1 particularly affected by the rule;

2 (5) The rule complies with the regulatory analysis requirements of Section 305,  
3 and properly determines the factors under Section 305(c).

4 (c) The [~~r~~Rules ~~r~~Review ~~c~~Committee] may request from an agency such information as  
5 is necessary to carry out the duties of subsection (a). The [~~r~~Rules ~~r~~Review ~~c~~Committee] shall  
6 consult with standing committees of the ~~H~~Legislature with subject matter jurisdiction over the  
7 subjects of the rule under examination.]

8 (d) The [~~r~~Rules ~~r~~Review ~~c~~Committee]:

9 (1) shall maintain oversight over agency rulemaking; and

10 (2) shall exercise other duties assigned to it under this [article].

### 11 Comment

12 This section adopts a rules review committee process that is widely followed in state  
13 administrative law as a method for legislative review of agency rules. Subsection (b) requires the  
14 legislative rules review committee to review all final agency rules as well as newly adopted  
15 rules. The rules review committee may establish priorities for rules review including review of  
16 newly adopted or amended rules, and may manage the rules review process consistent with  
17 committee staff and budgetary resources.  
18

### 19 **SECTION 703. [RULES REVIEW COMMITTEE] PROCEDURE AND POWERS.**

20 (a) Not later than ~~Within~~ [60] days ~~after~~~~of~~ receiving the notice of an an-adopted,  
21 amended, or repealed rule ~~notice of a proposed rule~~ from an agency under Section 307, the  
22 [Rules Review Committee] may

23 (1) approve the adopted, amended, or repealed rule; ~~or d~~

24 (2) propose an amendment to the adopted or amended rule; or

25 (3) disapprove the adopted, amended, or repealed rule. ~~of the rule by committee-~~  
26 ~~resolution and, if the rule is disapproved, then the rule is suspended until the legislature~~

1 ~~adopts a joint resolution sustaining the action of the committee or until adjournment of~~  
2 ~~the [next] legislative session.~~

3 (b) If the [rules review committee] approves the adopted, amended or repealed rule, or  
4 does not propose an amendment under subsection (a)(2) or disapprove under subsection (a)(3),  
5 the adopted, amended, or repealed rule becomes effective as provided under Section 316. In case  
6 of legislative disapproval or the offer of withdrawal or reconsideration, an agency within [ ]  
7 days in writing shall notify the [Rules Review Committee] and [publisher] that the agency:

8 ~~(1) withdraws the rule;~~

9 ~~(2) amends the rule to the extent permitted by Section 308; or~~

10 ~~(3) refuses to amend or withdraw the rule.~~

11 (c) If the [rules review committee] proposes an amendment to the adopted or amended  
12 rule under subsection (a)(2), the agency may make the amendment, and resubmit the rule, as  
13 amended, to the [rules review committee]. An agency is not required to hold a hearing on an  
14 amendment made under this subsection. If the agency makes the amendment, it shall also give  
15 notice to the [publisher] for publication of the rule, as so amended, in the [administrative  
16 bulletin]. The notice shall include the text of the rule as amended. If the [rules review committee]  
17 does not disapprove of the rule, as amended, or propose a further amendment, the rule becomes  
18 effective on the date specified for the original rule under Section 314. If the agency withdraws  
19 the rule, it shall give notice of withdrawal to the [publisher] for publication in the [administrative  
20 bulletin] and shall notify the [Rules Review Committee] of withdrawal in writing at the same  
21 time. The rule shall be withdrawn without public hearing. Withdrawal is effective on the date of  
22 publication of the notice of withdrawal in the [administrative bulletin].

23 (d) If the [rules review committee] disapproves the adoption, amendment, or repeal of a

1 rule under subsection (a)(3), the adopted, amended, or repealed rule becomes effective upon  
2 adjournment of the next regular session of the legislature unless prior to that adjournment the  
3 legislature adopts a joint resolution sustaining the action of the committee. If the agency amends  
4 the rule to comply with the [Rules Review Committee] objections, it shall make only the changes  
5 necessary to meet the objections, and shall resubmit the rule, as amended, to the [Rules Review  
6 Committee]. The agency shall also give notice to the [publisher] for publication in the  
7 [administrative bulletin] of the change made to comply with the [Rules Review Committee]  
8 objection that shall include the text of the rule as changed and the objection to which it is  
9 directed. The agency is not required to hold a public hearing on an amendment made under this  
10 subsection.

11 (e) An agency may withdraw the adoption, amendment, or repeal of a rule by giving  
12 notice of the withdrawal to the [rules review committee] and to the [publisher] for publication in  
13 the [administrative bulletin]. A withdrawal under this subsection terminates the rulemaking  
14 proceeding with respect to the adoption, amendment, or repeal, but does not prevent the agency  
15 from initiating a new rulemaking proceeding for the same or substantially similar adoption,  
16 amendment, or repeal. If the agency refuses to withdraw or amend the rule in response to the  
17 objection of the [Rules Review Committee], the agency shall give notice of the refusal to the  
18 [Rules Review Committee] and the [publisher] within [ ] days of receiving the [Rules Review  
19 Committee] objection. If the agency fails to respond to the objection within [ ] days, or if an  
20 amendment that an agency makes in response to [Rules Review Committee] objections in the  
21 opinion of the [Rules Review Committee] does not correct the objection, the [Rules Review  
22 Committee]:

23 (1) may post notice of the detailed objections of the [Rules Review Committee] to the

1 rule in the [administrative bulletin] together with a reference to the location in the  
2 [administrative bulletin] where the full text of the rule can be found. Posting notice of the  
3 detailed objections shall place upon the agency the burden of proving, in any later action  
4 challenging the legality of the rule or portion of the rule objected to by the [Rules Review  
5 Committee], that the rule or portion of the rule objected to was not unreasonable, arbitrary,  
6 capricious, not adopted in compliance with [Article] 3, or otherwise beyond the authority  
7 delegated to the agency; and—

8 (2) may submit a recommendation to the [Speaker of the House of Representatives] and  
9 the [President of the Senate] that legislation be enacted to annul or modify the rule together with  
10 proposed legislation to accomplish it.

11 (3) Within [ ] days of recommending annulling or modifying legislation under this  
12 subsection the [Rules Review Committee] shall notify the agency of the recommendation and  
13 request that the agency temporarily suspend the operation of the rule.

14 (f) Within [ ] days of receiving request for temporary suspension, the agency shall reply  
15 in writing to the [Rules Review Committee] either agreeing to temporarily suspend the rule or  
16 refusing to do so.

17 (1) If the agency agrees to temporarily suspend the rule, then it shall cause notice  
18 of the suspension to be published in the [administrative bulletin].

19 (2) If the agency refuses to temporarily suspend the rule, then the [Rules Review  
20 Committee] shall cause notice of the refusal to suspend operation of the rule in the  
21 [administrative bulletin]. Posting notice under this subparagraph shall suspend the operation of  
22 the rule for [[ ] days] [until the end of the next regular session of the Legislature].—

## Comment

1           This is a type of veto that provides for cooperation between the Legislature and the  
2 Governor, and attempts to avoid the Chadha v. I.N.S problem of unconstitutionality by delaying  
3 the effective date of the rule until the legislature has the opportunity to enact legislation to annul  
4 or modify it. The governor may veto the act by which the legislature seeks to annul or modify  
5 the rule. This type of veto provision is widely used in the states.  
6

1 [ARTICLE 8]

2

3 **SECTION 801. EFFECTIVE DATE.** This [act] takes effect on [date] and governs all

4 agency proceedings, and all proceedings for judicial review or civil enforcement of agency

5 action, commenced after that date. The [act] does not govern adjudications for which notice was

6 given prior to that date under Section 403 and all rulemaking proceedings for which notice was

7 given or a petition filed before that date.

8 **Comment**

9

10 Section 801 is based on Section 1-108 of the 1981 MSAPA. See Also California

11 Government Code Sections 11400.10, and 11400.20 (operative date of California APA

12 revisions). Agency proceedings on remand following judicial review after the act takes effect

13 are governed by the prior law.