

D R A F T

FOR DISCUSSION ONLY

**REVISED MODEL STATE ADMINISTRATIVE
PROCEDURE ACT**

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

MEETING IN ITS ONE-HUNDRED-AND-SIXTEENTH YEAR
PASADENA, CALIFORNIA
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**REVISED MODEL STATE ADMINISTRATIVE
PROCEDURE ACT**

WITH PREFATORY NOTE AND COMMENTS

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By

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

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PROCEDURE ACT**

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REVISED MODEL STATE ADMINISTRATIVE PROCEDURE ACT

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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 features¹ 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.² By about 1960, twelve states had adopted the 1946 Act.³

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.⁴ 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.⁵

¹ 1946 Model State Administrative Procedure Act preface at 200.

² Id. at 200

³ 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.

⁴ Preface to 1961 Model State Administrative Procedure Act.

⁵ 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 1961.⁶ The 1981 Act, when completed, consisted of ninety-four sections⁷. 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.⁸

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

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.

⁶ 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.

⁷ 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.

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

Association has undertaken a major study of the Federal Administrative Procedure Act and is 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**

2
3 **[ARTICLE 1]**

4 **GENERAL PROVISIONS**

5
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) “Agency” means a statewide board, authority, commission, institution, department,
12 division, officer, or other statewide government entity, that is authorized or required by law to
13 make rules or to adjudicate. The term does not include the Governor, the Legislature, and the
14 Judiciary.

15 (3) “Agency action” means:

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

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

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

20 (4) “Agency head” means the individual or one or more members of the body of
21 individuals in which the ultimate legal authority of an agency is vested.

22 (5) “Agency record” means the agency rulemaking record in rulemaking governed by
23 Section 302, the agency hearing record in an adjudication governed by Section 407, and the

1 agency record in cases governed by Sections 406 and 408 .

2 (6) “Contested case” means an adjudication in which an opportunity for an evidentiary
3 hearing is required by the federal or state constitution, a federal or state statute, or by the
4 common law.

5 (7) “Electronic” means relating to technology having electrical, digital, magnetic,
6 wireless, optical, electromagnetic, or similar capabilities.

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

9 (9) “Emergency adjudication” means an agency adjudication taken in a disputed case in
10 which there is an immediate danger to the public health, safety, or welfare that requires
11 immediate action.

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

15 (11) “Guidance document” means a record developed by an agency that informs the
16 general public of an agency’s current approach to, or opinion of, law, including, interpretations
17 and general statements of policy that describe the agency’s exercise of discretionary functions.

18 (12) “Index” means a searchable list of items by subject and caption in a record with a
19 page number, hyperlink, or any other connector that links the list with the record to which it
20 refers.

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

23 (14) “Internet website” means a centralized Internet website that permits the public to

1 search a permanent database that archives materials required to be published with the [publisher]
2 under this [act]

3 (15) “Law” means federal or state constitution or statute, judicial decision, common law,
4 rule of court, executive order, or rule or order of an agency.

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

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

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

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

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

16 (21) “Person” means an individual, corporation, business trust, estate, trust, partnership,
17 limited liability company, association, joint venture, public corporation, government, or
18 governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

19 (22) “Presiding officer” means the person who presides over the evidentiary hearing in a
20 contested case.

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

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

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

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

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

10 (B) agency declaratory orders issued under this [act];

11 (C) a decision or order in a contested case;

12 (D) an intergovernmental or interagency memorandum, directive, or
13 communication that does not affect the rights of, or procedures and practices available to, the
14 public;

15 (E) an opinion of the Attorney General;

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

22 (G) guidance documents.

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

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

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

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

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

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

9 **Comment**

10 Adjudication. This definition gives the general meaning of adjudication that distinguishes
11 it from rulemaking. See California Government Code Section 11405.20. This Act and the
12 definitions in this Section also identify some categories of adjudication that require procedure
13 specified in this Act to be used to reach a decision. For example, the term contested case,
14 defines a subset of adjudications that must be conducted as prescribed in Article 4 of this Act.
15

16 Agency. The object of this definition is to subject as many state actors as possible to this
17 definition. See 1981 MSAPA Section 1-102(1). The exception for the governor means the
18 governor personally.
19

20 Agency Action. This definition is added for purposes of identifying those matters subject
21 to judicial review. Failure to issue an order or rule does not include an agency denial of a petition
22 to initiate rulemaking. See Section 317 of the Act. This definition is taken from 1981 MSAPA
23 Section 1-102(2).
24

25 Agency Head. This definition differentiates between the agency as an organic whole and
26 the particular persons (commissioners, board members or the like) in whom final authority is
27 vested. This definition is taken from 1981 MSAPA Section 1-102(3).
28

29 Contested case. This term is similar to the “contested case” definition of the 1961
30 MSAPA. Like the 1961 MSAPA, this Act looks to external sources such as statutes to describe
31 situations in which a party is entitled to a hearing. However, this term differs from the 1961
32 MSAPA’s term “contested case” because it also includes hearings required by the constitution,
33 federal or state, and makes provision in Article 4 for the type of hearing to be held in a case
34 where a constitution creates the right to a hearing. Including constitutionally created rights to a
35 hearing within the provisions of this Act eliminates the problem of looking outside the Act to
36 determine the type of hearing required in cases where the right to the hearing is created by

1 constitution. See California Government Code Section 11410.10. The scope of hearing rights is
2 governed by law other than this act.

3
4 Record. Modern electronic-age statutes such as the Uniform Computer Information
5 Transactions Act and the Uniform Electronic Transactions Act adopt a broad definition of the
6 term record that includes the term document. This act follows those definitions.

7
8 Electronic. The term “electronic” refers to the use of electrical, digital, magnetic,
9 wireless, optical, electromagnetic and similar technologies. It is a descriptive term meant to
10 include all technologies involving electronic processes. The listing of specific technologies is not
11 intended to be a limiting one. The definition is intended to assure that this act will be applied
12 broadly as new technologies develop. For example, biometric identification technologies would
13 be included if they affect communication and storage of information by electronic means. As
14 electronic technologies expand and include other competencies, those competencies should also
15 be included under this definition. The definition of the term “electronic” in this act has the same
16 meaning as it has in UETA SECTION 2(5) and in the Uniform Real Property Electronic
17 Recording Act.

18
19 Electronic Record. This definition is identical to § 2(7) of the Uniform Electronic
20 Transactions Act. An “electronic record” is a document that is in an “electronic” form.
21 Documents may be communicated in electronic form; they may be received in electronic form;
22 they may be recorded and stored in electronic form; and they may be received in paper copies
23 and converted into an electronic record. This Act does not limit the type of electronic documents
24 received by the [publisher]. The purpose of defining and recognizing electronic documents is to
25 facilitate and encourage agency use of electronic communication and maintenance of electronic
26 records.

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

38
39 Index. The definition of index has been added as a guide to agencies, [publisher]s and
40 editors about their duties to make records available and easily accessible to the public in the form
41 of an index, as that term is used throughout this act.

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

44
45 Order. Unlike the federal APA which defines rule, but not order, this section provides a

1 positive definition of order based on case law and agency experience. The key concept is that an
2 order includes solely agency legal determinations that are addressed to particular, specific,
3 identified individuals in particular circumstances. An order may be addressed to more than one
4 person. Further, the definition is consistent with modern law in rejecting the right/privilege
5 distinction in constitutional law. The addition of the language “or other interests” is intended to
6 clarify this change and to include entitlements. See also Cal.Gov.Code SECTION 11405.50.
7

8 Party. This definition includes the agency, any person against whom agency action is
9 brought and any person who intervenes. Its terms also include any person who may participate
10 in a rulemaking proceeding, such as someone who offers a comment. This section is not
11 intended to deal with the issue of a person’s entitlement to review. Standing and other issues
12 relating to judicial review of agency action are addressed in Article 5 of this Act.
13

14 Presiding Officer. This definition includes an agency staff member, an administrative
15 law judge or one or more members of the agency head when designated to preside at a hearing.
16

17 Person. The definition of a “person” is the standard definition for that term used in acts
18 adopted by the National Conference of Commissioners on Uniform State Laws. It includes
19 individuals, associations of individuals, and corporate and governmental entities.
20

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

34 **SECTION 103. APPLICABILITY.** This [act] applies to all agencies unless the agency
35 is expressly exempted.

36 **Comment**

37 This section is intended to define which agencies are subject to the provisions of this act.
38 Many states have made use of an applicability provision to define the coverage of their
39 Administrative Procedure Act. See: Iowa, I.C.A. SECTION 17A.23; Kansas, K.S.A. SECTION
40 77-503; Kentucky, KRS SECTION 13B.020; Maryland, MD Code, State Government,
41 SECTION 10-203; Minnesota, M.S.A. SECTION 14.03; Mississippi, Miss. Code Ann.

1 SECTION 25-43-1.103; Washington, West's RCWA 34.05.020.

1 [ARTICLE 2]

2 PUBLIC ACCESS TO AGENCY LAW AND POLICY

3
4 SECTION 201. PUBLICATION, COMPILATION, INDEXING, AND PUBLIC
5 INSPECTION OF 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 prescribe a uniform numbering system, form, and style for all
14 proposed and adopted rules.

15 (c) The [publisher] shall maintain the official record of adoption for adopted rules,
16 including the text of the rule and any supporting documents, filed with the [publisher] by the
17 agency. The agency adopting the rule shall maintain the rulemaking record for that rule.

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

22 (e) The [administrative bulletin] shall be published by the [publisher] at least once per
23 [month]. An issue of the [administrative bulletin] is deemed published on the date of
24 publication.

25 (f) The [administrative bulletin] must be made available in written form upon request, for

1 which the [publisher] may charge a reasonable fee.

2 (g) The [administrative bulletin] must contain:

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

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

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

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

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

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

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

19 (k) Agencies shall make their rules, guidance documents, and orders in contested cases
20 [unless otherwise protected by law] available through electronic distribution as well as through
21 the regular mail.

22 (l) Electronic distribution to persons who request it may substitute for mailed copies
23 related to rulemaking or guidance documents. If a notice is distributed electronically, the agency

1 is not required to transmit the actual notice form but must send all the information contained in
2 the notice.

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

5 (1) notice of each proposed rule adoption, amendment or repeal;

6 (2) the summary of regulatory analysis of each proposed rule;

7 (3) each adopted rule, rule amendment, or rule repeal;

8 (4) each guidance document;

9 (5) each notice; and

10 (6) each order in a disputed case.

11 [(7) any other notice or matter that an agency is required to publish under this
12 act].

13 (n) No fee may be charged for public access to the [publisher]'s Internet website.

14 **Comment**

15 This section seeks to assure adequate notice to the public of proposed agency action. It
16 also seeks to assure adequate record keeping and availability of records for the public. Article 2
17 is intended to provide easy public access to agency law and policy that are relevant to agency
18 process. Article 2 also adds provisions for electronic publication of the administrative bulletin
19 and code.

20
21 The arrival of the Internet and electronic information transfer, which occurred after the
22 last revision of the Model State Administrative Procedure Act, has revolutionized
23 communication. It has made available rapid, efficient and low cost communication and
24 information transfer. Many states as well as the federal agencies have found that it is an ideal
25 medium for communication between agencies and the public, especially in connection with
26 rulemaking. Since the last Model Administrative Procedure Act was written, many states have
27 adopted various types of statutes that permit agencies to use electronic technology to
28 communicate with the public. The agencies have found this technology particularly useful in
29 connection with rulemaking.

30
31 Subsection (c) requires that the [publisher] maintain the official record for adopted rules,

1 including the text of the rules and any supporting documents, filed by the agency.

2
3 Bracketed subsection (d) requires the [publisher] to 1) maintain an Internet website, and
4 2) publish all matters required to be published under this act to be published on that website. If a
5 state chooses to use subsection (d), they will create a centralized website for use by all agencies.
6 Subsection (d) also requires that the [publisher] publish agency guidance documents filed with
7 the [publisher]. See section 202(4) and Section 310, below.

8
9 The bracketed text of subsection (g)(1), and (g) (2) is included so that agencies may
10 utilize redlining or underlining and striking of the text of the proposed or adopted rules so that
11 changes from the existing text of the rule are clearly delineated. Agencies that are proposing or
12 adopting new rules or that have some other system for showing changes need not use the
13 bracketed text.

14
15 It is possible to go much further in providing for use of the Internet that the publication
16 adopted here. For example, a state could choose to permit agencies to operate their own
17 websites, and to accept comments on rules on the website. They could also provide for
18 maintenance of a database of all comments received that the public could access. These
19 provisions are extremely useful, but may be quite expensive. The central system adopted here,
20 means only one Internet website is required. In terms of cost benefit, this is an effective method
21 of providing for electronic communication and agency access.

22
23 Subsection (i) provides for a limited nonsubstantive power to edit agency rules provided
24 that the agency is notified by the rules [publisher] of the changes. Subsection (g) is based on the
25 Maine Administrative Procedure Act, 5 M.R.S.A. Section 8056(10).

26
27 Subsections (k) and (l) are drawn from the Washington Administrative Procedure Act.
28 See WA ST 34.05.260.

29
30 **SECTION 202. REQUIRED AGENCY RULEMAKING AND**
31 **RECORDKEEPING.** In addition to any other rulemaking requirements imposed by law, each
32 agency shall:

33 (1) adopt as a rule a description of its organization, stating the general course and
34 method of its operations and the methods whereby the public may obtain information or make
35 submissions or requests;

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

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

4 (4) if the default procedural rules promulgated under Section 204 do not include
5 provisions for the conduct of public hearings, each agency shall issue rules for the conduct of
6 public hearings.

7 (5) file all [proposed rules]; adopted rules including emergency rules; direct final rules;
8 notices; and orders issued in contested cases [unless otherwise protected by law] with the
9 [publisher] in electronic format acceptable to the [publisher];

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

15 (7) maintain [custody of] all current rulemaking dockets.

16 **Comment**

17
18 One object of this section is to make available to the public all procedures followed by
19 the agency, including especially how to file for a license or benefit. It is modeled on the 1961
20 Model State Administrative Procedure Act, Sections 2(a) (4) & 2(b), and the Kentucky
21 Administrative Procedure Act, KRS Section 13A.100. Persons seeking licenses or benefits
22 should have a readily available and understandable reference sources from the agency. A second
23 reason is to eliminate “secret law” by making all guidance documents used by the agency
24 available from the agency and the administrative [publisher].
25

26 **SECTION 203. DECLARATORY ORDER.**

27 (a) Any interested person may petition an agency for a declaratory order that a rule,

1 guidance document, or order issued by the agency applies or does not apply to the petitioner.

2 (b) Each agency shall adopt rules prescribing the form of the petitions and the procedure
3 for their submission, consideration, and prompt disposition. The provisions of this [act] for
4 formal, informal, or other applicable hearing procedure do not apply to an agency proceeding for
5 a declaratory order, except to the extent provided in this [article] or to the extent the agency so
6 provides by rule or order.

7 (c) Within 60 days after receipt of a petition pursuant to this section, an agency shall
8 either decline in writing to issue a declaratory order or schedule the matter for hearing.

9 (d) If an agency declines to consider a petition, it shall promptly notify the person who
10 filed the petition of its decision and include a brief statement of the reasons for declining.

11 **ALTERNATIVE 1**

12 An agency decision to decline to issue a declaratory order is not subject to judicial
13 review.

14 **ALTERNATIVE 2**

15 An agency decision to decline to issue a declaratory order is judicially reviewable in
16 court for abuse of discretion.]

17 **END OF ALTERNATIVES**

18 (e) If an agency issues a declaratory order, the order must contain the names of all
19 parties to the proceeding, the particular facts on which it is based, and the reasons for the
20 agency's conclusion. A declaratory order has the same status and binding effect as an order
21 issued in an adjudication. Declaratory orders are subject to judicial review under Section 501.

22 **Comment**

23
24 This section embodies a policy of creating a convenient procedural device that will

1 enable parties to obtain reliable advice from an agency. Such guidance is valuable to enable
2 citizens to conform with agency standards as well as to reduce litigation. It is based on the 1981
3 MSAPA, Section 2-103 and Hawaii Revised Statutes, Section 91-8.
4

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

14 Subsection (e) is based on the California APA, West's Ann.Cal.Gov.Code Section
15 11465.60; and the Washington APA, West's RCWA 34.05.240. A declaratory decision issued
16 by an agency is judicially reviewable; is binding on the applicant, other parties to that
17 declaratory proceeding, and the agency, unless reversed or modified on judicial review; and has
18 the same precedential effect as other agency adjudications. A declaratory decision, like other
19 decisions, only determines the legal rights of the particular parties to the proceeding in which it
20 was issued. The requirement in subdivision (e) that each declaratory decision issued contain the
21 facts on which it is based and the reasons for its conclusion will facilitate any subsequent judicial
22 review of the decision's legality. It also ensures a clear record of what occurred for the parties
23 and for persons interested in the decision because of its possible precedential effect.
24

25 **[SECTION 204. DEFAULT PROCEDURAL RULES.**

26 (a) The [Governor] [Attorney General] [designated state agency] shall adopt default
27 procedural rules for use by agencies. The default rules must provide for the procedural functions
28 and duties of as many agencies as is practicable.

29 (b) Except as otherwise provided in subsection (c), an agency must use the default
30 procedural rules published under subsection (a).

31 (c) An agency may adopt a rule of procedure that differs from the default procedural
32 rules adopted under subsection (a) by adopting a rule that states with particularity the need and
33 reasons for the variation from the default procedural rules.]

34 **Comment**

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

1 [ARTICLE 3]

2 **RULEMAKING; ADOPTION AND EFFECTIVENESS OF RULES**

3
4 **SECTION 301. CURRENT RULEMAKING DOCKET.**

5 (a) As used in this article, “rule” does not include an emergency rule adopted under
6 Section 309(a) or a direct final rule adopted under Section 309(b).

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

8 (c) A current rulemaking docket must list each pending rulemaking proceeding. The
9 docket must indicate or contain:

10 (1) the subject matter of the proposed rule;

11 (2) notices related to the proposed rule;

12 (3) where comments may be inspected;

13 (4) the time within which comments may be made;

14 (5) requests for public hearing;

15 (6) appropriate information about a public hearing, if any, including the names of
16 the persons making the request;

17 (7) how comments may be made; and

18 (8) the timetable for action.

19 **ALTERNATIVE 1**

20 (d) Regardless of whether an agency maintains a docket electronically, it must furnish a
21 written docket.

22 **ALTERNATIVE 2**

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

2 **END OF ALTERNATIVES**

3 **Comment**

4
5 This section is modeled on Minn. M.S.A. Section 14.366. This section and the following
6 section, Section 302 state the minimum docketing and rulemaking record keeping requirements
7 for all agencies. This section also recognizes that many agencies use electronic recording and
8 maintenance of dockets and records. However, for smaller agencies, the use of electronic
9 recording and maintenance may not be feasible. This section therefore permits the use of
10 exclusively written, hard copy dockets. The current rulemaking docket is a summary list of
11 pending rulemaking proceedings or an agenda referring to pending rulemaking. This section
12 includes expedited rules governed by Section 309.
13

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

15 (a) An agency shall maintain a rulemaking record for each rule it proposes to adopt. The
16 record and materials incorporated by reference must be readily available for public inspection in
17 the agency central office and, unless unavailable for display on the internet because it is subject
18 to state law [public records act] other than this [act], [or] subject to the Uniform Trade Secrets
19 Act], or incapable of being displayed electronically, available for public display on the website
20 maintained by the [publisher]

21 (b) A rulemaking record must contain:

22 (1) copies of all publications in the [administrative bulletin] with respect to the
23 rule or the proceeding upon which the rule is based;

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

26 (3) all written or electronic petitions, requests, submissions, and comments
27 received by the agency and all other written or electronic materials or records whether or not
28 relied upon [or all relevant information received by the agency in the rulemaking proceeding] by

- 1 the agency in connection with the proceeding upon which the rule is based;
- 2 (4) any official transcript of oral presentations made in the proceeding upon
- 3 which the rule is based or, if not transcribed, any audio recording or verbatim transcript of those
- 4 presentations, and any memorandum prepared by the agency official who presided over the
- 5 hearing, summarizing the contents of those presentations;
- 6 (5) a copy of the rule and explanatory statement filed in the office of the
- 7 [publisher]; and
- 8 (6) all petitions for any agency action on the rule except for petitions governed
- 9 by Section 203.

10 **Comment**

11

12 Several states have adopted this type of agency rule-making record provisions: Az.,

13 A.R.S. Section 41-1029; Colo., C.R.S.A. Section 24-4-103; Minn., M.S.A. Section 14.365;

14 Miss., Miss. Code Ann. Section 25-43-3.110; Mont., MCA 2-4-402; Okl., 75 Okl.St. Ann.

15 Section 302; and Wash., RCWA 34.05.370.

16

17 The language of subsection (a) is based on Section 3-112(a) of the 1981 Model Act.

18 Similar language is found in the Washington Administrative Procedures Act, RCWA Section

19 34.05.370. The requirement of an official agency rulemaking record in subsection (a) should

20 facilitate a more structured and rational agency and public consideration of proposed rules. It

21 will also aid the process of judicial review of the validity of rules. The requirement of an official

22 agency rulemaking record was suggested for the Federal Act in S. 1291, the “Administrative

23 Practice and Regulatory Control Act of 1979,” title I, Section 102(d), [5 U.S.C. 553(d)], 96

24 Cong.Rec. S7126 at S7129 (daily ed. Jun. 6, 1979) (Sen. Kennedy).

25

26 Subsection (b) requires *all written* submissions made to an agency and *all written*

27 materials considered by an agency in connection with a rulemaking proceeding to be included in

28 the record. It also requires a copy of any existing record of oral presentations made in the

29 proceeding to be included in the rulemaking record.

30

31 **SECTION 303. ADVICE ON POSSIBLE RULE BEFORE NOTICE OF**

32 **PROPOSED RULE ADOPTION.**

33 (a) An agency may gather information relevant to the subject matter of possible

1 rulemaking and may solicit comments and recommendations from the public on a subject matter
2 of possible rulemaking under active consideration within the agency by causing notice of
3 possible rulemaking on the subject matter to be published in the [administrative bulletin] and
4 indicating where, when, and how persons may comment.

5 (b) an agency may engage in negotiated rulemaking by appointing a committee to
6 comment or to make recommendations on the subject matter of a possible rulemaking under
7 active consideration within the agency. In making the appointments, the agency shall seek to
8 establish a balance in representation among interested stakeholders and the public. The agency
9 shall publish a list of all committees with their membership at least [annually] in the
10 [administrative bulletin]. Notice of meetings of committees appointed under this section shall be
11 published in the [administrative bulletin] at least 15 days prior to the meeting. Meetings of
12 committees appointed under this section shall be open to the public.

13 (c) Except as otherwise provided by law, nothing in this section prohibits agencies from
14 obtaining information and opinions from members of the public on the subject of the rulemaking
15 by any other method or procedure used in rulemaking.

16 **Comment**

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

25
26 Several states have enacted provisions of this type in their APAs. Some of them merely
27 authorize agencies to seek informal input before proposing a rule; several of them indicate that
28 the purpose of this type of provision is to promote negotiated rulemaking. Those states are Idaho,
29 I.C. § 67-5220; Minnesota, M.S.A. § 14.101; Montana, MCA 2-4-304; and Wisconsin, W.S.A.
30 227.13. Subsection (b) is intended to authorize negotiated rulemaking.

1
2 Subsection (c) authorizes agencies to use other methods to obtain information and
3 opinions. Negotiated rulemaking under subsection (b) is an option for agency use but is not
4 required to be used prior to starting a rulemaking proceeding.
5

6 **SECTION 304. NOTICE OF PROPOSED RULE ADOPTION.**

7 (a) At least [30] days before the adoption, amendment, or repeal of a rule, an agency
8 shall publish notice of the proposed adoption in the [administrative bulletin]. The notice of the
9 proposed adoption of a rule must include:

10 (1) a short explanation of the purpose of the rule proposed;

11 (2) a citation or reference to the specific legal authority authorizing the rule
12 proposed;

13 (3) the text of the rule proposed;

14 (4) where persons may obtain copies of the full text of the regulatory analysis of
15 the rule proposed; and

16 (5) where, when, and how persons may present their views on the rule proposed
17 and request an oral proceeding thereon if one is not already provided.

18 (b) Within three days after publication of the notice of the proposed adoption of a rule in
19 the [administrative bulletin], the agency shall cause a copy of the notice to be mailed or sent
20 electronically to each person that has made a timely request to the agency for a mailed or
21 electronic copy of the notice. An agency may charge a person for the actual cost of providing
22 written mailed copies if the person has made a request for a written copy.

23 **Comment**

24 Many states have similar provisions to provide notice of proposed rule adoption to the
25 public. This section is based upon the provisions of Section 3-103 of the 1081 MSAPA.
26 Rulemaking is defined in Section 102(28). Adoption of a rule is used when the agency has not

1 adopted rules on the same subject. Amendment of a rule is used when the agency proposes to
2 change the language of a previously adopted rule. Repeal of a rule is used when the agency
3 proposes to repeal a previously adopted or amended rule.
4

5 **SECTION 305. REGULATORY ANALYSIS.**

6 (a) An agency shall prepare a regulatory analysis for a rule proposed by the agency
7 [having an estimated economic impact of more than [\$]].

8 (b) [An agency shall prepare a regulatory analysis for any rule proposed by the agency
9 having an estimated economic impact of less than [\$], if, within [20] days after the notice of
10 the proposed adoption of the rule is published, a written request for the analysis is filed with the
11 agency by [the Governor], [another agency], [or] [a member of the Legislature]. The agency
12 shall then prepare a regulatory analysis of the proposed rule]. [An agency shall prepare a
13 negative declaration statement of no estimated economic impact or no estimated fiscal impact for
14 any rule proposed by the agency that has no economic or fiscal impact from adoption of the
15 rule.]

16 (c) A regulatory analysis must contain:

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

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

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

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

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

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

6 (f) The concise summary of a regulatory analysis required under this section must be
7 published in the [administrative bulletin] at least [20] days before the earliest of:

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

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

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

12 **Comment**

13
14 Regulatory analyses are widely used as part of the rulemaking process in the states. The
15 subsection also provides for submission to the rules review entity in the state, if the state has one.
16 States that already have regulatory analysis laws can utilize the provisions of Section 305 to the
17 extent that this section is not inconsistent with existing law other than this act.
18

19 **SECTION 306. PUBLIC PARTICIPATION.**

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

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

25 (c) Unless a public hearing is required by law other than this [act], an agency is not
26 required to hold a public hearing on a rule proposed to be adopted. If an agency does hold a

1 public hearing, the agency may allow persons to present information and comments with respect
2 to the rule orally. Oral proceedings must be open to the public and may be recorded.

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

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

9 **Comment**

10
11 This section gives discretion to the agency about whether to hold an oral hearing on
12 proposed rules in the absence of a statutory or constitutional requirement that an oral hearing be
13 held.
14

15 **SECTION 307. FINAL ADOPTION.**

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

18 (b) Within [180] days after the date of publication of the notice of proposed adoption of
19 the rule, the agency shall adopt the rule pursuant to the rulemaking proceeding or terminate the
20 proceeding by publication of a notice to that effect in the [administrative bulletin]. The agency
21 shall file adopted rules with the [publisher] within [] days after the date of adoption of the
22 rule.

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

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

2 **SECTION 308. VARIANCE BETWEEN PROPOSED RULE AND ADOPTED**

3 **RULE.** An agency may not adopt a rule that substantially differs from the rule proposed in the
4 notice of proposed adoption of a rule on which the rule is based unless the rule being adopted is
5 the logical outgrowth of the rule proposed in the notice, as determined from consideration of the
6 extent to which:

7 (1) any persons affected by the adopted rule should have reasonably expected that the
8 published proposed rule would affect their interest;

9 (2) the subject matter of the adopted rule or the issues determined by that rule are
10 different from the subject matter or issues involved in the published rule proposed; and

11 (3) the effects of the adopted rule differ from the effects of the proposed rule had it been
12 adopted instead.

13 **Comment**

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

30
31 **SECTION 309. EMERGENCY RULES; EXPEDITED RULEMAKING.**

1 (a) If an agency finds that an imminent peril to the public health, safety, or welfare,
2 including the imminent loss of federal funding for agency programs, requires immediate
3 adoption of a rule and states in a record its reasons for that finding, the agency, without prior
4 notice or hearing or upon any abbreviated notice and hearing that it finds practicable, may adopt
5 an emergency rule. An emergency rule may be effective for not longer than [180] days
6 [renewable once up to [180] days]. The adoption of an emergency rule does not preclude
7 adoption of an identical rule under Sections 304 through 308. The agency shall publish an
8 emergency rule within [] days of adoption and may personally notify persons known to the
9 agency who may be affected by the emergency rule.

10 (b) If an agency proposes to adopt a rule that is expected to be noncontroversial, it may
11 adopt an expedited rule in accordance with this subsection. An expedited rule is subject to
12 Sections 202 and 304, and must be published in the [administrative bulletin] along with a
13 statement by the agency setting out the reasons for using expedited rulemaking. If an objection to
14 the use of the expedited rulemaking process is received within the public comment period from
15 any person the agency shall file notice of the objection with the [[publisher]] for publication in
16 the [administrative bulletin] and proceed with the normal rulemaking process set out in this
17 [article], with the initial publication of the expedited rule serving as the notice of the proposed
18 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. An agency may not issue a guidance
20 document in place of a rule. Guidance documents do not have the force of law and may not
21 prescribe the rights and duties of persons subject to agency regulation under a delegation of
22 authority to that agency.

23 (b) An agency need not follow the procedure set forth in Sections 304 through 308 to
24 issue a guidance document.

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

27 (d) A reviewing court may not give deference to a guidance document and shall
28 determine de novo the validity of a guidance document. A reviewing court may consider whether
29 or not the agency followed the guidance document, and may enforce the guidance document
30 against the agency.

31 (e) Each agency shall publish all currently operative guidance documents and may file

1 the guidance document with the [publisher].

2 (f) Each agency shall maintain an index of all of its currently operative guidance
3 documents, file the index with the [publisher] on or before January 1 of each year, make the
4 index readily available for public inspection, and make available for public inspection the full
5 texts of all guidance documents to the extent inspection is permitted by law. Upon request, an
6 agency shall make copies of guidance indexes or guidance documents available without charge,
7 at cost, or on payment of a reasonable fee. If any agency does not index a guidance document,
8 the burden of proof shall be upon the agency in any proceeding to establish that a party was not
9 entitled to rely upon the guidance document.

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

12 **Comment**

13
14 This section draws upon the provisions of the Arizona, Michigan, Virginia, and
15 Washington Administrative Procedure Acts. See: A.R.S. § 41-1001 & A.R.S. § 41-1091;
16 M.C.L.A. 24.203 & M.C.L.A. 24.224; Va. Code Ann. Section 2.2-4008; and WA RCWA §
17 34.05.230.

18
19 This section seeks to encourage an agency to advise the public of its current opinions,
20 approaches, and likely courses of action by means of guidance documents. This section also
21 recognizes the need for guidance documents that an agency will prepare 1) as a guide to its
22 employees and 2) as a guide to the public. Agency law often needs interpretation, and agency
23 discretion needs some channeling. The public needs to know the agency opinion about the
24 meaning of the law and rules that it administers. Increasing public knowledge and understanding
25 reduces unintentional violations and lowers transaction costs. See Michael Asimow, *California*
26 *Underground Regulations*, 44 Admin. L. Rev. 43 (1992); Peter Strauss, *The Rulemaking*
27 *Continuum*, 44 Duke L. J. 1463 (1992). Excusing the agency from full procedural rulemaking for
28 guidance documents furnishes a powerful economic incentive for agencies to use these devices
29 to inform their employees and the public.

30
31 Many states have recognized the need for this type of exemption in their statutes. They
32 are also referred to as interpretive statements or policy statements. These states have defined
33 interpretive and policy statements differently from rules, and also excused agencies creating
34 them from some or all of the procedural requirements for rulemaking. See Ala. Ala. Code

1 Section 41-22-3(9)(c) (2000) (“memoranda, directives, manuals, or other communications which
2 do not substantially affect the legal rights of, or procedures available to, the public.”); Colo.
3 Colo. Rev. Stat. Section 24-4-102(15), 24-4- 103(1) (exception for interpretive rules or policy
4 statements “which are not meant to be binding as rules”); *AMAX, Inc. v. Grand County Bd. of*
5 *Equalization*, 892 P.2d 409, 417 (Colo. Ct. App. 1994) (assessors’ manual is interpretive rule)
6 (2001); Ga. Ga. Code Ann., Section 50-13-4 (“Prior to the adoption, amendment, or repeal of
7 any rule, other than interpretive rules or general statements of policy, the agency shall”)
8 (emphasis added); Mich, M.C.L.A. 24.207(h) (excepts “A form with instructions, an interpretive
9 statement, a guideline, an informational pamphlet, or other material that in itself does not have
10 the force and effect of law but is merely explanatory.). Wyoming, WY ST Section 16-3-103
11 (“Prior to an agency’s adoption, amendment or repeal of all rules *other than interpretative rules*
12 *or statements of general policy*, the agency shall”) (emphasis added) and see *In re GP*, 679 P.2d
13 976, 996-97 (Wyo. 1984). See also, Michael Asimow, *Guidance Documents in the States:*
14 *Toward a Safe Harbor*, 54 Admin. L. Rev. 631(2002). (Professor Asimow estimates that more
15 than thirty states have adopted some provision for agency guidance documents such as
16 interpretive and policy statements).

17
18 Four states in particular have adopted detailed provision for guidance documents. They
19 are: Arizona, Michigan, Virginia, and Washington. See: A.R.S. § 41-1001 & A.R.S. § 41-1091;
20 M.C.L.A. 24.203 & M.C.L.A. 24.224; Va. Code Ann. Section 2.2-4008; and WA RCWA §
21 34.05.230. Their provisions strike a balance between the need of agencies for guidance
22 documents and the need of the public to be protected from “secret” law or law adopted without
23 the procedural protections of rulemaking. This section seeks to strike the same balance.

24
25 This section seeks to provide protection from abuse of guidance documents by various
26 definitional and procedural measures. One measure not provided is a requirement of a notice on
27 all guidance documents that informs members of the public of the right to petition the agency to
28 convert the guidance document to a rule. Only one state, Arizona, has adopted this measure.
29 See A.R.S. § 41-1091. Because of the numerous other protections in this section, that measure
30 has not been included.

31
32 The federal Administrative Procedure Act also makes a similar distinction. See 5 U.S.C.
33 Section 553(b)(A) (1988) (Under this section “interpretative rules, general statements of policy,
34 or rules of agency organization, procedure, or practice” are excused from normal Section 553
35 notice and comment procedural requirements).

36
37 Subsection (d) provides for de novo judicial review of the validity of guidance
38 documents. Under this standard, also known as the independent judgment or the substituted
39 judgment standard, reviewing courts considering the validity of guidance documents will not
40 defer to the agency interpretation contained in the guidance document. Subsection (d) also
41 contains provisions addressing reliance interests of persons who follow the provisions of agency
42 guidance documents. If an agency fails to follow the provisions of the guidance document, the
43 reviewing court may apply principles of equitable estoppel to preclude the agency from a change
44 in position that causes detrimental reliance to the affected person. Equitable estoppel is generally
45 not recognized in federal administrative law (*Office of Personnel Management v. Richmond*

1 (1990) 496 U.S. 414) unless a due process of law fair notice standard is violated (General
2 Electric Co., v. EPA, 53 Fed. 3d 1324 (DC Cir.1995). Equitable estoppel is more widely
3 recognized in state administrative law (Footes Dixie Dandy, Inc. v. McHenry, 607 S. W. 2d 323
4 (Ark. 1980); Lentz v. McMahan, 49 Cal. 3d 393, 406-407, 777 P. 2d 83 (Cal. 1989). There is a
5 balance between encouraging or requiring agencies to issue guidance documents that provide
6 advice to members of the public and holding agencies responsible for mistaken advice that
7 persons reasonable rely upon to their detriment.
8

9 **SECTION 311. CONTENTS OF RULE.** Each rule adopted by an agency must
10 contain the text of the rule and be accompanied by a record containing:

- 11 (1) the date the agency adopted the rule;
- 12 (2) a statement of the purpose of the rule;
- 13 (3) a reference to all rules repealed or amended by the rule;
- 14 (4) a reference to the specific statutory or other authority authorizing the rule;
- 15 (5) any findings required by any provision of law as a prerequisite to adoption or
16 effectiveness of the rule;
- 17 (6) the effective date of the rule;
- 18 (7) the concise explanatory statement required by Section 312; and
- 19 (8) the final regulatory analysis statement required by Section 305.

20 **SECTION 312. CONCISE EXPLANATORY STATEMENT.**

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

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

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

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

7 **Comment**
8

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

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

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

22 (2) the reference in the agency rules fully identifies the incorporated code, standard, or
23 rule by location, date, and otherwise[, and must state that the rule does not include any later
24 amendments or editions of the incorporated code, standard, or rule;

25 (3) the code, standard, or rule is readily available to the public;

26 (4) the rule states where copies of the code, standard, or rule are available at cost from
27 the agency issuing the rule and where copies are available from the agency of the United States,

1 this state, another state, or the organization or association originally issuing the code, standard,
2 or rule; and

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

5 **Comment**
6

7 Several states have provisions that require the agencies to retain the voluminous
8 technical codes. See, Alabama, Ala.Code 1975 Section 41-22-9; Michigan, M.C.L.A. 24.232;
9 and North Carolina, N.C.G.S.A. § 150B-21.6. To avoid the problems created by those retention
10 provisions, but to assure that these technical codes are available to the public, this section adopts
11 several specific procedures. One protection is to permit incorporating by reference only codes
12 that are readily available from the outside promulgator, and that are of limited public interest as
13 determined by a source outside the agency. See Wisconsin, W.S.A. 227.21. These provisions
14 will guarantee that important material drawn from other sources is available to the public, but
15 that less important material that is freely available elsewhere does not have to be retained.
16

17 **SECTION 314. COMPLIANCE AND TIME LIMITATION.** No rule adopted under
18 this [act] is valid unless adopted in substantial compliance with the procedural requirements of
19 this [act]. 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

24 This section is a slightly modified form of the 1961 Model State Administrative
25 Procedure Act, section (3)(c). See also section 3-113(b) of the 1981 Model State Administrative
26 Procedures Act. The scope of challenges permitted under this section includes all applicable
27 requirements of article 3 for the type of rule being challenged.
28

29 **SECTION 315. FILING OF RULES.** An agency shall file with the [publisher] each
30 rule it adopts and all rules existing on [the effective date of this [act]] that have not previously
31 been filed. The agency shall also file a rule under this section as an electronic record. The filing

1 must be done as soon after adoption of the rule as is practicable. The [publisher] shall affix to
2 each rule and statement a certification of the time and date of filing and keep a permanent
3 register open to public inspection of all filed rules and attached concise explanatory statements.
4 In filing a rule, each agency shall use a standard form prescribed by the [publisher].

5 **Comment**

6 This section is based on the 1961 Model State Administrative Procedure Act, Section
7 4(a) and its expansion in the 1981 MSAPA, Section 3-114.
8

9 **SECTION 316. EFFECTIVE DATE OF RULES.**

10 (a) Except as otherwise provided in subsection (b), (c), or (d), each rule adopted after
11 [the effective date of this [act]] becomes effective [60] days after publication of the rule in the
12 [administrative bulletin] [on the [publisher]'s Internet website.]

13 (b) A rule may become effective on a later date than that established by subsection (a) if
14 the later date is required by another statute or specified in the rule.

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

18 (d) An emergency rule adopted under Section 309(a) becomes effective immediately
19 upon filing with the [publisher].

20 (e) An expedited rule adopted pursuant to Section 309(b) to which no objection is made
21 becomes effective 15 days after the close of the comment period, unless the rulemaking
22 proceeding is terminated or a later effective date is specified by the agency.

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

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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).

10 **SECTION 317. PETITION FOR ADOPTION OF RULE.** Any person may petition
11 an agency to request the adoption of a rule. Each agency shall prescribe by rule the form of the
12 petition and the procedure for its submission, consideration, and disposition. Within [60] days
13 after submission of a petition, the agency shall:

- 14 (1) deny the petition in a record and state its reasons for the denial;
- 15 (2) initiate rulemaking proceedings in accordance with this [act]; or
- 16 (3) if otherwise lawful, adopt the rule.

17

Comment

18 This section is substantially similar to the 1961 MSAPA. See also section 3-117 of the
19 1981 MSAPA. Agency decisions that decline to adopt a rule are judicially reviewable for abuse
20 of discretion (See *Massachusetts v. EPA* 127 S. Ct. 1438 (2007) (EPA decision to reject
21 rulemaking petition and therefore not to regulate greenhouse gases associated with global
22 warming was judicially reviewable and decision was arbitrary and capricious.).

1 [ARTICLE 4]

2 ADJUDICATION

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. All
17 contested cases are also subject to Section 402 of this article.

18
19 For a statute to create a right to an evidentiary hearing, express use of the term
20 “evidentiary hearing” is not necessary in the statute. Statutes often use terms like “appeal” or
21 “proceeding” or “hearing”, but in context it is clear that they mean an evidentiary hearing. An
22 evidentiary hearing is one in which the resolution of the dispute involves particular facts and the
23 presiding officer is limited to material in the record in making his decision.

24
25 Hearings that are required by procedural due process guarantees include life, liberty and
26 property *interests*, which arise where a statute creates a justified expectation or legitimate
27 entitlement. This section includes more than what were described as “rights” under older
28 common law. In cases where the right to an evidentiary hearing is created by due process,
29 attention is directed to Section 405(2)D *infra*, which may permit an informal hearing.

30
31 This section does not apply to an investigatory hearing, or a hearing that merely seeks
32 public input or comment. Also, this section is not applicable to the situation where a party is
33 entitled to a de novo administrative or judicial hearing. An agency may by rule make all or part
34 of this article applicable to adjudication that does not fall within requirements of this section.

35
36 This section draws upon the California, (see Cal. Cal.Gov.Code Section 11410.10);
37 Minnesota, (see Minnesota Statutes Annotated, Section 14.02, subd. 3; Washington (see Revised

1 Code of Washington, 34.05.413(2) and Kansas (see Kansas Stat. Ann., KS ST Section 77-502(d)
2 & Kansas Stat. Ann., KS ST Section 77-503). The definition of disputed case used in this Act is
3 similar to, but broader than, the definition of contested case in the 1961 MSAPA, Section 1(2).
4

5 **SECTION 402. PRESIDING OFFICERS.**

6 (a) In a disputed case, the presiding officer shall regulate the hearing in a manner that
7 will promote an orderly and prompt resolution.

8 (b) The presiding officer shall be the agency head, one or more members of the agency
9 head that is a body of individuals, or, in the discretion of the agency head, one or more
10 administrative law judges assigned by the office in accordance with Section 602, or, unless
11 prohibited by law, one or more persons designated by the agency head may serve as the
12 presiding officer.

13 (c) An individual who has served as investigator, prosecutor, or advocate at any stage in
14 a disputed case may not serve as a presiding officer or assist or advise any presiding officer in
15 the same proceeding.

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

20 (e) A presiding officer is subject to disqualification for bias, prejudice, financial interest,
21 or any other cause for which a judge is or may be disqualified. A presiding officer, after making
22 a reasonable inquiry, shall disclose to all parties any known facts that a reasonable person would
23 consider likely to affect the impartiality of the presiding officer in the contested case proceeding,
24 including:

1 (1) a financial or personal interest in the outcome of the contested case
2 proceeding; and

3 (2) an existing or past relationship with any of the parties to the contested case
4 proceeding, their counsel or representatives, or a witness.

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

15 (g) A presiding officer whose disqualification is requested [or the appointing authority,
16 or the Chief Administrative Law Judge] shall determine whether to grant the petition and state
17 facts and reasons for the determination in writing, except as otherwise provided by law, or by
18 determination of the appointing authority if provided by rule. Determinations to disqualify or to
19 not disqualify a presiding officer are not immediately subject to judicial review.

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

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

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

1 official.

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

5 (j) If required by law to participate in the hearing or decision of a contested case, an
6 agency head may continue to participate notwithstanding grounds for disqualification.

7 **Comment**

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

12
13 Subsection (b) confers a limited amount of discretion upon the agency head to determine
14 who will preside. The presiding officer may be either the agency head, or one or more members
15 of the agency head, or one or more administrative law judges assigned by the Office of
16 Administrative Hearings in accordance with Section 603. Without the bracketed language,
17 subsection (b) resembles the law in a group of states that have created a central panel of
18 administrative law judges, and have made the use of administrative law judges from the central
19 panel mandatory unless the agency head or one or more members of the agency head presides. In
20 some states, however, the use of central panel administrative law judges is mandatory only in
21 certain enumerated agencies or types of proceedings. If the bracketed language is adopted, the
22 agency head, in addition to the preceding options for appointment and unless prohibited by law,
23 may designate any one or more “other persons” to serve as presiding officer. This discretion is
24 subject to subsections (c) & (d) on separation of functions. This discretion is also limited by the
25 phrase “unless prohibited by law,” included in the bracketed language, which prevents the use of
26 “other persons” as presiding officers to the extent that the other state law prohibits their use.
27 Thus, if this language is adopted by a state that has an existing central panel of administrative
28 law judges whose use is mandatory in enumerated types of proceedings, the agencies must
29 continue to use the central panel for those proceedings, but may exercise their option to use
30 “other persons” for other types of proceedings.

31
32 Subsection (e) is based upon 1981 MSAPA Section 4-202(b). See also California
33 Government Code Section 11425.40(a). Disclosure duties under subsection (e) are based on state
34 ethics codes governing ethical standards for judges in the judicial branch of the government,
35 Section 12 of the 2000 Uniform Arbitration Act, and on state law governing the ethical
36 responsibilities of government officials and employees. See Section 410.

37
38 Subsection (f) is based on 1981 MSAPA Section 4-202(c).

1
2 Subsection (i) is based on California Government Code Section 11425.40(c).

3
4 Subsection (j) adopts the rule of necessity for decision makers. See California
5 Government Code Section 11512(c) (agency member not disqualified if loss of a quorum would
6 result); United States v. Will (1980) 449 U.S. 200 (common law rule of necessity applied to
7 U.S. Supreme Court to decide issues before the court relating to compensation all Article III
8 judges.
9

10 **SECTION 403. CONTESTED CASE PROCEDURE.**

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

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

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

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

18 (1) Upon proper objection, the presiding officer must [or may]exclude evidence
19 that is immaterial, irrelevant, unduly repetitious, or excludable on constitutional, or statutory
20 grounds or on the basis of an evidentiary privilege recognized in the courts of this state. The
21 presiding officer may exclude evidence that is objectionable under the applicable rules of
22 evidence. Evidence may not be excluded solely because it is hearsay. Hearsay evidence may be
23 used for the purpose of supplementing or explaining other evidence except that on timely
24 objection it may not be sufficient in itself to support a finding unless it would be admissible over
25 objection in a civil action. [Hearsay evidence may be sufficient to support fact findings if that
26 evidence constitutes reliable, probative, and substantial evidence].

27 (2) An objection is made at the time the evidence is offered. In the absence of

1 objection, the presiding officer may exclude evidence at the time it is offered.

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

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

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

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

21 (7) The presiding officer is not responsible to or subject to the supervision,
22 direction, or direct or indirect influence of an officer, employee, or agent of an agency other than
23 the [office of administrative hearings] engaged in the performance of investigatory,

1 prosecutorial, or advisory functions for an agency.

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

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

13 (g) If all parties consent and, to the extent allowed by law , if each party to a hearing has
14 an opportunity to hear, speak, and be heard in the proceeding as it occurs, the presiding officer
15 may conduct all, or part of, an evidentiary hearing, or a prehearing conference, by telephone,
16 television, video conference, or other electronic means;

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

19 (i) A hearing in a contested case is open to the public, except for a hearing or part of a
20 hearing that the presiding officer closes on the same basis and for the same reasons that a court
21 of this state may close a hearing or closes pursuant to a statutory provision other than this [act]
22 that authorizes closure. To the extent that a hearing is conducted by telephone, television, or
23 other electronic means, and is not closed, a hearing is open if members of the public have an

1 opportunity, at reasonable times, to hear or inspect the agency's record, and to inspect any
2 transcript obtained by the agency.

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

5 (k) Any party may represent themselves in a contested case, and the presiding officer
6 may accommodate pro se parties unfamiliarity with agency contested case procedures by
7 explaining those procedures to the pro se party to the extent consistent with fair hearing
8 [impartial decision maker] requirements

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

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

13 (n) The rules by which an agency conducts a contested case may include provisions
14 more protective of the rights of the person to which the agency action is directed than the
15 requirements of this section.

16 (o) Agencies must train new presiding officers [including non lawyer presiding officers]
17 in contested case procedures and in the rules of evidence applicable to contested case
18 proceedings.

19 **Comment**
20

21 This section specifies the minimum hearing requirements that must be met in disputed
22 cases under this act. This section applies to all agencies whether or not an agency rule provides
23 for a different procedure; this procedure is excused only if a statute expressly provides
24 otherwise. This section does not prevent an agency from adopting more stringent procedures
25 than those in this section. This section does not supersede conflicting state or federal statutes.
26

27 There are several interrelated purposes for this procedural provision: 1) to create a

1 minimum fair hearing procedure; and 2) to attempt to make that minimum procedure applicable
2 to all agencies. In many states, individual agencies have lobbied the legislature to remove
3 various requirements of the state Administrative Procedure Act from them. The result in a
4 considerable number of states is a multitude of divergent agency procedures. This lack of
5 procedural uniformity creates problems for litigants, the bar and the reviewing courts. This
6 section attempts to provide a minimum, universally applicable procedure in all disputed cases.
7 The important goal of this section is to protect citizens by a guarantee of minimum fair
8 procedural protections. The procedures required here are only for actions that fit the definition of
9 a disputed case and fall within the provisions of Section 401. Thus, they do not spread quasi
10 judicial procedures widely, and do not create any significant agency loss of efficiency or
11 increased cost.

12
13 This section is modeled in part on the Arizona Regulatory Bill of Rights, see A.R.S.
14 Section 41-1001.01 and the California Administrative Adjudication Bill of Rights, see West
15 Ann.Cal.Gov.Code Section 11425.10.

16
17 Under subsection (c), agency procedures governing the case refers to rules of practice
18 adopted under Section 202, or default procedural rules adopted under Section 204, or procedures
19 required under the agency governing statute.

20
21 Under subsection (d)(1) evidence is unduly repetitious if its probative value is
22 substantially outweighed by the probability that its admission will necessitate undue
23 consumption of time. In most states a presiding officer's determination that evidence is unduly
24 repetitious may be overturned only for abuse of discretion. Under subsection (d)(1), the legal
25 residuum rule is not adopted and hearsay evidence can be sufficient to support fact findings if the
26 hearsay evidence is sufficiently reliable. This provision is based on the federal A.P.A. provision,
27 5 U.S.C. Section 556 (d), Richardson v. Perales, (1971) 402 U.S. 389 and the 1981 MSAPA
28 Section 4-215(d).(reasonably prudent person standard for reliability).

29
30 Subsection (d)(4) information that is not a public record means information not subject to
31 disclosure under the applicable public records act in the jurisdiction.

32
33 Subsection (d)(5) is based on 1981 MSAPA Section 4-212(f). See also California
34 Government Code Section 11515, and 1961 MSAPA Section 10(4).

35
36 Subsection (d)(6) is based on 1981 MSAPA Section 4-215(d). See also California
37 Government Code Section 11425.50(c) which contains the same language.

38
39 Under subsection (g) hearings in contested cases can be conducted using the telephone,
40 television, video conferences, or other electronic means. Subsection (g) is based in part on
41 California Government Code Section 11440.30. Due process of law may require live in person
42 hearings. See Whiteside v. State, (2001) 20 P. 3d 1130 (Supreme Court of Alaska) (due process
43 of law violated with telephone hearing in driver's license revocation hearing when driver's
44 credibility was material to the hearing, and the driver was not offered an in person hearing); But
45 see Bancock v. Employment Division (1985) 72 Or. App. 486, 696 P. 2d 19, 21 (telephone

1 hearings do not violate due process of law in hearings in which the credibility of a party is at
2 issue because audible indicia of a witness's demeanor are sufficient for credibility).

3
4 Subsection (k) provides for a right of self representation for parties in contested case
5 proceedings. Subsection (k) also allows presiding officers to accommodate pro se litigant's
6 unfamiliarity with agency procedures in contested cases by explaining those procedures to the
7 pro se litigant to the extent consistent with fair hearing and impartial decision maker
8 requirements. *Goldberg v. Kelley* (1970) 397 U.S. 254 (impartial decision-making is essential to
9 due process of law). The fair hearing limits would be exceeded if the presiding officer violated
10 impartial decision maker requirements by improperly assisting one party in presenting that
11 parties case at the hearing.

12
13 The subsection (l) written decision requirement is based in part on 1961 MSAPA Section
14 12, and on 1981 MSAPA Section 4-215(g). See also California Government Code Section
15 11425.50. See also sections 801, and 802, electronic publication of written decisions, and the
16 provisions of 15 U.S.C. Section 7004.

17
18 Section 10 of the 1961 MSAPA contained many similar provisions.

19
20 **SECTION 404. NOTICE.**

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

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

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

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

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

32 (4) [the name, official title, mailing address, and telephone number of any

1 attorney or employee who has been designated to represent the agency]; and

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

4 (c) In case of actions initiated by the agency that may or will result in an order, the
5 agency shall give an initial notice to the party or parties against which the action is brought by
6 personal service in a manner appropriate under the rules of civil procedure for the service of
7 process in a civil action in this state which includes:

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

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

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

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

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

20 (6) a statement that a party who fails to attend any subsequent proceeding in a
21 contested case may be held in default;

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

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

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

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

8 **Comment**
9

10 This section is taken from: the 1961 Model State Administrative Procedure Act, section 9
11 and the 1981 Model State Administrative Procedure Act, Section 4-206. See also; Oregon,
12 O.R.S. Section 183.415; Kansas, K.S.A. Section 77-518; Iowa, I.C.A. Section 17A.12; Montana,
13 MCA 2-4-601; and Michigan, M.C.L.A. 24.271.
14

15 **SECTION 405. INFORMAL ADJUDICATION IN CONTESTED CASES.** Unless
16 prohibited by law other than this [act], an agency may use an informal hearing procedure in a
17 contested case if:

18 (1) there is no disputed issue of material fact; or

19 (2) the matter at issue is limited to any of the following:

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

22 (B) a disciplinary sanction against a student that does not involve expulsion from
23 an academic institution or suspension for more than 10 days or a disciplinary sanction against an
24 employee that does not involve discharge from employment, demotion, or suspension for more
25 than five days;

26 (C) a disciplinary sanction against a licensee that does not involve revocation of

1 a license or suspension of a license for more than five days;

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

5 (E) the parties by written agreement consent to an informal hearing.

6 **Comment**

7
8 The informal hearing procedure is intended to satisfy due process and public policy
9 requirements in a manner that is simpler and more expeditious than formal adjudication. The
10 informal hearing procedure provides a forum in the nature of a conference in which a party has
11 an opportunity to be heard by the presiding officer. The informal hearing procedure provides a
12 forum that may accommodate a hearing where by rule or statute a member of the public may
13 participate without appearing or intervening as a party.
14

15 This section adopts a single category of informal procedure that an agency may use to
16 perform the same functions, and the following section leaves to the discretion of the presiding
17 officer the exact hearing procedure to be followed. This section also draws upon the California
18 provision for an informal procedure, see Ann.Cal.Gov.Code SECTION 11445.20.
19

20 Subsection 2(D) is intended to deal with the situation that arises in federal constitutional
21 law where the constitution protects a life, liberty or property interest, but, under the holding of
22 *Mathews v. Eldridge*, 424 U.S. 319, 96 S.Ct. 893 (1976) do not require all the protections of a
23 formal hearing. See *Goss v. Lopez*, (1975) 419 U.S. 565, 581-582 (informal due process hearing
24 for school suspension of ten days or less), and *Cleveland Board of Education v. Loudermill*
25 (1985) 472 U.S. 532.
26

27 **SECTION 406. INFORMAL ADJUDICATION PROCEDURE.**

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

30 (b) In an informal adjudication, the presiding officer shall regulate the course of the
31 proceeding consistent with the due process requirement of meaningful opportunity to be heard.
32 The presiding officer shall permit the parties and their representatives, and may permit others, to
33 offer written or oral comments on the issues. The presiding officer may limit the use of

1 witnesses, testimony, evidence, cross-examination, and argument and may limit or eliminate the
2 use of pleadings, intervention, discovery, prehearing conferences, and rebuttal. Where
3 appropriate in the discretion of the presiding officer, an informal adjudication may be in the
4 nature of a conference.

5 (c) In regulating the course of the informal adjudication proceedings, the presiding
6 officer shall recognize the rights of the parties:

7 (1) to notice that includes the decision to proceed by informal adjudication;

8 (2) to protest the choice of informal procedure, and to have that protest promptly
9 decided by the presiding officer;

10 (3) to participate in person or by a representative;

11 (4) to have notice of any contrary factual material in the possession of the agency
12 that may be relied on as the basis for adverse decision; and

13 (5) to be informed briefly, in writing, of the basis for an adverse decision in the
14 case.

15 (d) The agency record for review of informal adjudication consists of the official
16 transcript of oral testimony and any records that were considered by, prepared by, or submitted
17 to the presiding officer for use in the informal adjudication, or that are submitted by or to the
18 agency on review. The agency shall maintain these records as its record of the informal
19 adjudication.

20 **Comment**

21
22 This section draws on the informal adjudication provisions of several state
23 Administrative Procedure Acts. See: California Administrative Procedure Act, West's
24 Ann.Cal.Gov.Code SECTION 11445.40; Va. Administrative Procedure Act, Section 2.2-4019,
25 Va. Code Ann. § 2.2-4019; and Washington Administrative Procedure Act, Section 34.05.485,
26 West's RCWA § 34.05.485. Under this section, the informal adjudication procedure is a

1 simplified form of an adjudication under the control of the presiding officer. The informal
2 hearing may be in the nature of a conference at the discretion of the presiding officer. Although
3 the hearing is streamlined and informal, the hearing officer must observe basic protections of
4 fairness spelled out in subsection (c) and protections described in *Mathews v. Eldridge*, 424 U.S.
5 319, 96 S.Ct. 893 (1976). . See *Goss v. Lopez*, (1975) 419 U.S. 565, 581-582 (informal due
6 process hearing for school suspension of ten days or less), and *Cleveland Board of Education v.*
7 *Loudermill* (1985) 472 U.S. 532.
8

9 **SECTION 407. AGENCY HEARING RECORD IN CONTESTED CASE.**

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

11 (b) The agency hearing record consists of:

12 (1) notices of all proceedings;

13 (2) any pre-hearing order;

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

15 (4) evidence received or considered;

16 (5) a statement of matters judicially noticed;

17 (6) proffers of proof and objections and rulings thereon;

18 (7) proposed findings, requested orders, and exceptions;

19 (8) the record prepared for the presiding officer at the hearing, and any transcript

20 of all or part of the hearing considered before final disposition of the proceeding;

21 (9) any final order, recommended decision, or order on reconsideration;

22 (10) all memoranda, data, or testimony prepared under Section 409; and

23 (11) matters placed on the record after an ex parte communication.

24 (c) Except to the extent that law other than this [act] provides otherwise, the agency

25 hearing record constitutes the exclusive basis for agency action in a disputed case and for

26 judicial review of the case.

1 **SECTION 408. EMERGENCY ADJUDICATION PROCEDURE.**

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

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

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

13 (d) Any order issued under this section must contain an explanation that briefly explains
14 the factual and legal basis for the emergency decision.

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

17 (f) After issuing an order pursuant to this section, an agency shall proceed as soon as
18 feasible to conduct an adjudication following contested case procedure under Section 403 or, if
19 appropriate under this [article], informal adjudication under Sections 405 and 406, in order to
20 resolve the issues underlying the temporary, interim relief.

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

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

3 **Comment**
4

5 The procedure of this section is intended permit immediate agency emergency
6 adjudication, but also to provide minimal protections to parties against whom such action is
7 taken. Emergencies regularly occur that immediately threaten public health, safety or welfare:
8 licensed health professionals may endanger the public; developers may act rapidly in violation of
9 law; or restaurants may create a public health hazard. In such cases the agencies must possess
10 the power to act rapidly to curb the threat to the public. On the other hand, when the agency acts
11 in such a situation, there should be some modicum of fairness, and the standards for invoking
12 such remedy must be clear, so that the emergency label may be used only in situations where it
13 fairly can be asserted that rapid action is necessary to protect the public.
14

15 Federal and state case law have held that in an emergency situation an agency may act
16 rapidly and postpone any formal hearing without violation, respectively, of federal or state
17 constitutional law. *FDIC v. Mallen*, 486 U.S. 230 (1988); *Gilbert v. Homar* (1997) 520 U.S.
18 924; *Dep't of Agric. v. Yanes*, 755 P.2d 611 (OK. 1987).
19

20 The generic provision in this section has several advantages over the present divergent
21 approaches to emergency agency action. First, all agencies have the needed power to act without
22 delay, but there is provision for some type of brief hearing, if feasible. Second, this article limits
23 the agency to action of this type only in a genuine, defined emergency. Third, there are pre and
24 post deprivation protections. This section seeks to strike an appropriate balance between public
25 need and private fairness.
26

27 This section does not apply to an emergency adjudication, cease and desist order, or other
28 action in the nature of emergency relief issued pursuant to express statutory authority arising
29 outside of this act.
30

31 **SECTION 409. EX PARTE COMMUNICATIONS.**

32 (a) Except as provided in subsections (b) and (c), while a contested case is pending, the
33 presiding officer may not make to or receive from any person any communication regarding any
34 issue in the proceeding [or relevant to the merits of the proceeding] without notice and
35 opportunity for all parties to participate in the communication. For the purpose of this section, a
36 proceeding is pending from the issuance of the agency's pleading, or from an application for an

1 agency decision, whichever is earlier.

2 (b) The presiding officer may make communications to or receive communications from
3 a law clerk or a person authorized by law to provide legal advice to the agency, or, may
4 communicate on ministerial matters with a person who serves on the personal staff of the
5 presiding officer if the person providing legal advice or ministerial information has not served as
6 investigator, prosecutor, or advocate at any stage of the proceeding;

7 (c) An employee or representative may make communications to or receive
8 communications from an agency head sitting as presiding officer if the communications consist
9 of an explanation of the technical or scientific basis of, or technical or scientific terms in, the
10 evidence in the agency hearing record, and if:

11 (A) the employee or representative giving the technical explanation has not
12 served as investigator, prosecutor, or advocate at any stage of the proceeding;

13 (B) the employee or representative giving the technical explanation does not
14 receive communications that the agency head is prohibited from receiving; and

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

17 (d) If the presiding officer receives advice under subsection (c), the advice, if written,
18 must be made part of the agency hearing record. If the advice is verbal, a memorandum
19 containing the substance of the advice must be made part of the record and the parties must be
20 notified of the communication. The parties may respond to the advice of an employee or
21 representative of the agency in a record that is made part of the hearing record.

22 (e) If a presiding officer makes or receives a communication in violation of this section:

23 (1) if it is a written communication, the presiding officer shall make the

1 communication a part of the hearing record and prepare and make part of the record a
2 memorandum that contains the response of the presiding officer to the communication and the
3 identity of the parties who communicated; or

4 (2) if it is a verbal communication, the presiding officer must prepare a
5 memorandum that contains the substance of the verbal communication, the response of the
6 presiding officer, and the identity of the parties who communicated.

7 (f) If a communication prohibited by this section is made, the presiding officer shall
8 notify all parties of the prohibited communication and permit parties to respond in writing within
9 15 days. Upon good cause shown, the presiding officer may permit additional testimony in
10 response to the prohibited communication.

11 (g) While a proceeding is pending, there shall be no communication, direct or indirect,
12 regarding the merits of any issue in the proceeding between the presiding officer and the agency
13 head or other person or body to which the power to hear or decide in the proceeding is delegated.
14 When the presiding officer is a member of an agency head that is a body of persons, however,
15 the presiding officer may communicate with the other members of the agency head .

16 (h) If necessary to eliminate the effect of a communication received in violation of this
17 section, a presiding officer may be disqualified, the portions of the record pertaining to the
18 communication may be sealed by protective order, or other appropriate relief may be granted.

19 **Comment**
20

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

1 from staff members on complex technical and scientific matters, but permits parties to reply to
2 those staff communications.

3
4 This section also provides another remedy besides disclosure and party reply. In a case
5 where disclosure and rely are inadequate to cure or eliminate the effect of the ex parte contact, a
6 protective order may be issued. The intent of authorizing the protective order is to keep the ex
7 parte material from the successor presiding officer.

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

14
15 **SECTION 410. ADMINISTRATIVE ADJUDICATION CODE OF ETHICS.**

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

19 (b) Section 409 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 the [code of judicial
22 ethics].

23 **Comment**

24
25 Section 410 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 410 provides applicable law to
31 govern disqualification of presiding officers under Section 402(e).

32
33 **SECTION 411. INTERVENTION.**

34 (a) A presiding officer shall grant a petition for intervention in a contested case if the

1 petitioner has a statutory right to initiate the proceeding in which intervention is sought.

2 (b) A presiding officer shall grant a petition for intervention if the petitioner has an
3 interest that will or may be adversely affected by the outcome of the proceeding and that interest
4 is not adequately represented.

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

8 (d) When intervention is granted or at any subsequent time, the presiding officer may
9 impose conditions upon the intervener's participation in the proceedings.

10 (e) A presiding officer may permit intervention conditionally and, at any time later in the
11 proceedings or at the end of the proceedings, may revoke the conditional intervention.

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

16 **Comment**

17
18 Section 411 is based in part of 1981 MSAPA Section 4-209. See also Federal Rule of
19 Civil Procedure Rule 24 (intervention of right under Rule 24(a), and permissive intervention
20 under Rule 24(b)).

21
22 Subsection (d) recognizes the normal judicial practice of limiting the participation of
23 intervenors, especially on cross examination, to their particular interest and taking any other
24 procedural steps or limitations in order to maintaining an orderly and expeditious hearing.
25 Mandatory intervention is provided for in subsections (a), and (b). Permissive intervention is
26 provided for in subsection (c). Subsection (e) recognizes the power of the presiding officer to
27 dismiss a party who has intervened at any time after intervention has occurred when it appears
28 that the conditions of this section or the requirements for the intervening party's standing have
29 not been satisfied. Subsection (f) provides for notice suitable under the circumstances to enable
30 parties to anticipate and prepare for changes that may be caused by the intervention.

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SECTION 412. SUBPOENAS.

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

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

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

Comment

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

[SECTION 413. DISCOVERY.

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

(b) Except in an emergency hearing under Section 407, a party, upon written notice to another party at least [] days before an evidentiary hearing, is entitled to:

(1) obtain the names and addresses of witnesses to the extent known to the other party; and

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

3 (A) a statement of a person named in the initial pleading or any
4 subsequent pleading if it is claimed that respondent's act or omission as to that person is the
5 basis for the adjudication;

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

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

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

12 (E) investigative reports made by or on behalf of the agency or other
13 party pertaining to the subject matter of the adjudication, to the extent that these reports contain
14 the names and addresses of witnesses or of persons having personal knowledge of the acts,
15 omissions, or events that are the basis for the adjudication or reflect matters perceived by the
16 investigator in the course of the investigation, or contain or include by attachment any statement
17 or writing described in this section;

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

19 (G) any other material for good cause shown.

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

23 (d) Upon petition, the presiding officer may issue an order compelling discovery for

1 refusal to comply with a discovery request unless good cause exists for refusal. Failure to
2 comply with the discovery order shall be enforced according to the rules of civil procedure. .

3 **Comment**

4
5 Discovery in administrative adjudication is more limited than in civil court proceedings.
6 Nevertheless discovery is available for the items listed in subsection (b). See California
7 Government Code Section 11507.6 to 11507.7 (discovery in administrative adjudication).
8

9 **SECTION 414. CONVERSION.**

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

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

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

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

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

23 **Comment**

24
25 Section 414 is based in part on 1981 MSAPA Section 1-107. See also California
26 Government Code Sections 11470.10 to 11470.50. Under this section the presiding officer is
27 empowered to convert from one type of disputed case adjudication to another in appropriate
28 circumstances. Conversion may only occur if two requirements are satisfied: the situation that

1 met the requirements under this article for the original proceeding must no longer exist, and the
2 requirements for the new type of proceeding under this article are now satisfied. Meeting both
3 requirements is mandatory in order to prevent a presiding officer from converting an
4 adjudication under Section 402 to an informal adjudication in a situation where the procedural
5 protections of Section 402 are still justified under this article.
6

7 **SECTION 415. DEFAULT.**

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

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

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

22 **Comment**

23 Under this section the presiding officer the power to impose a default judgment.
24 However, the default decision must be based upon prima facie evidence. Among the other laws
25 that modify the presiding officer's discretion are the {state} rules of civil procedure. The section
26 thus authorizes a presiding officer to issue a default judgment for the same reasons as contained
27 in the state rules of civil procedure.
28

1 Subsection (b) is adapted from the Alaska Administrative Procedure Act, AS 44.62.530
2 and the California Administrative Procedure Act, West's Ann.Cal.Gov.Code § 11520.
3

4 **SECTION 416. LICENSES.**

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

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

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

17 **Comment**

18 Subsection (b) was taken from the 1961 Model State Administrative Procedure Act,
19 section 14(b), which has been adopted by many states. See, for example: Alabama, Ala.Code
20 1975 Section 41-22-19; Tennessee, T. C. A. Section 4-5-320; Michigan, M.C.L.A. 24.291; and
21 Wisconsin, W.S.A. 227.51.
22

23 **SECTION 417. ORDERS: RECOMMENDED AND FINAL.**

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

26 (b) If the presiding officer is not the agency head, the presiding officer shall render a

1 recommended decision, which becomes a final order in [30] days, unless reviewed by the agency
2 head on its own motion or on petition of a party.

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

6 (d) A recommended or final order must include separately stated findings of fact and
7 conclusions of law on all material issues of fact, law, or discretion, the remedy prescribed, and, if
8 applicable, the action taken on a petition for stay. A party may submit proposed findings of fact.

9 If a party has submitted proposed findings of fact, the order must include a ruling on the
10 proposed findings. The order must also include a statement of the available procedures and time
11 limits for seeking reconsideration or other administrative relief. A recommended decision must
12 include a statement of any circumstances under which the recommended decision, without
13 further notice, may become a final order.

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

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

18 **Comment**

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

23
24 The third sentence of subsection (d) is taken from the 1961 MSAPA.
25

26

1 **SECTION 418. AGENCY REVIEW OF RECOMMENDED DECISIONS.**

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

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

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

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

9 (c) A petition for review of a recommended decision must be filed with the agency
10 head, or with any person designated for this purpose by rule of the agency, within [10] days after
11 the recommended decision is rendered. If the agency head decides to review a recommended
12 decision on its own motion, the agency head shall give written notice of its intention to review
13 the recommended decision within [10] days after it is rendered.

14 (d) The [10]-day period for a party to file a petition, or for the agency head to give notice
15 of its intention to review a recommended decision in subsection (b), is tolled by the submission
16 of a timely petition for reconsideration of the recommended decision pursuant to Section 418. A
17 new [10]-day period starts to run upon disposition of any petition for reconsideration or agency
18 head review under subsection (b). If a recommended decision is subject both to a timely petition
19 for reconsideration and to a petition for appeal or to review by the agency head on its own
20 motion, the petition for reconsideration must be disposed of first, unless the agency head
21 determines that action on the petition for reconsideration has been unreasonably delayed.

22 (e) An agency head that reviews a recommended decision shall exercise all the decision-
23 making power that the agency head would have had if the agency head had conducted the

1 hearing that produced the recommended decision, except to the extent that the issues subject to
2 review are limited by a provision of law other than this [act] or by order of the agency head upon
3 notice to all the parties. In reviewing findings of fact in recommended decisions by presiding
4 officers, the agency head shall give due regard to the presiding officer's opportunity to observe
5 the witnesses. The agency head shall consider the agency record or such portions of it as have
6 been designated by the parties.

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

11 (g) A final order or an order remanding the matter for further proceedings under this
12 section must identify any difference between the order and the recommended decision and shall
13 state the facts of record which support any difference in findings of fact, state the source of law
14 which supports any difference in legal conclusions, and state the policy reasons which support
15 any difference in the exercise of discretion. A final order under this section must include, or
16 incorporate by express reference to the recommended decision, all the matters required by
17 Section 416(d). The agency head shall cause an order issued under this section to be delivered to
18 the presiding officer and to all parties.

19 **Comment**
20

21 This section draws upon 1981 MSAPA, which reflects current practice in regard to
22 recommended decisions, final orders and review of final orders more accurately than the 1961
23 MSAPA. Subsections (b) and (e) draw upon the Washington APA, West's RCWA 34.05.464,
24 and the Kansas APA, K.S.A. § 77-527. The object of subsection (e) is to assure agency head
25 consideration of the issues tendered in the case.
26

1 connection with rules, of preventing earlier decisional law known only to agency personnel from
2 constituting the basis for decision in a disputed case. Subsection (c) is based in part on the
3 provisions of California Government Code Section 11425.60. If the agency wishes to use a case
4 as precedent in the future, it must make the order and decision in that case available to the
5 public. The only situations in which an agency may rely on a contested case as precedent without
6 indexing and making that decision and order available to the public are described in subsection
7 (b) of this section.
8

9 In some states there have been attacks on agency adjudications on the basis that the
10 proceeding should be conducted under the provisions for rulemaking. In the case of *SEC v.*
11 *Chenery Corp.*, 332 U.S. 194 (1947) the United States Supreme Court held that the choice of
12 whether to proceed by rulemaking or adjudication is left entirely to the discretion of the agency,
13 because not every principle can be immediately promulgated in the form of a rule. In the words
14 of the Supreme Court “Some principles must await their own development, while others must be
15 adjusted to meet particular, unforeseeable situations.” Most states follow *Chenery*. See
16 *Illuminating a Bureaucratic Shadow World: Precedent Decisions under California’s Revised*
17 *Administrative Procedure Act*, 21 J. Nat’l A. Admin. L. Judges 247 (2001) at n. 68.
18

19 This section makes clear that the choice between rulemaking and adjudication is entirely
20 in the discretion of the agency. However, in order to prevent law to which the public does not
21 have access from constituting the basis for decision, final orders must be indexed and available
22 to the public. See also the California administrative procedure act at West’s Ann. Cal. Gov.
23 Code, § 11425.60

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 substantial and 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 (10th Cir. 1999).

1
2 Subsection (c) creates a limited right to review of non-final agency action.
3

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

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

10 **Comment**

11
12 This section seeks to recognize the prudential exception to finality and ripeness
13 sometimes recognized for rules and other types of agency action by agencies such as rules,
14 advisory letters and guidance documents. It seeks to incorporate the general tests for finality and
15 ripeness taken from the cases of *Abbott Laboratories v. Gardner*, 387 U.S. 136, 148-149, 87
16 S.Ct. 1507, 18 L.Ed.2d 681 (1967); *FTC v. Standard Oil Co.*, 449 U.S. 232, 101 S.Ct. 488 (1980)
17 and *Bennett v. Spear*, 520 U.S. 154, 117 S.Ct. 1154 (1997), which have been cited with approval
18 and followed in many states. Under this subsection, some appellant challenges or bases for
19 challenge will be ripe for review, but many will not. The subsection seeks to furnish guidance to
20 state courts attempting to apply the doctrines of finality and ripeness.

21
22 The finality determination is to be made case by case in a pragmatic, flexible fashion.
23 Fitness for review is present where issues to be considered are purely legal ones, so that further
24 factual development of the issues is not necessary. Hardship involves imposition of significant
25 practical harm. Some cases have equated that harm with impact that would justify equitable
26 intervention. The harm element has also been approached by asking the question: does the
27 agency action pose a difficult dilemma for the party, so that he or she must immediately take
28 action that will be very expensive and cannot be recovered or face expensive prosecution in the
29 future.
30

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

32 **RULES.** Unless otherwise provided by a statute of this state other than this [act], judicial review
33 of final agency action may be taken only by proceeding as provided by [state] [rules of appellate
34 procedure] [rules of civil procedure]. An appeal from final agency action may be taken

1 regardless of the amount involved. The court may grant any type of relief that is available and
2 appropriate.

3 **Comment**
4

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

15 **SECTION 504. TIME FOR SEEKING JUDICIAL REVIEW OF AGENCY**

16 **ACTION, LIMITATIONS.**

17 (a) Except as otherwise provided in Section 314, and subject to Section 502, judicial
18 review of a rule may be sought at any time.

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

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

24 (d) A party may not file or petition for judicial review while seeking reconsideration
25 under Section 418. During the time that a petition for reconsideration is pending before an
26 agency, the time for seeking judicial review in subsection (b) is tolled.

27 **SECTION 505. STAYS PENDING APPEAL.** The initiation of judicial review does
28 not automatically stay an agency decision. An appellant may petition the reviewing court for a

1 stay upon the same basis as stays are granted under the [state] rules of [appellate] [civil]
2 procedure, and the reviewing court may grant a stay whether or not the appellant first sought a
3 stay from the agency.

4 **Comment**

5 This provision for stay permits a party appealing agency final action to seek a stay of the
6 agency decision the court. This is similar to the 1961 MSAPA.
7

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

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

12 **Comment**

13
14 Subsection (1) confers standing that arises under any other provision of law. Examples
15 of this type of standing are statutes that expressly confer standing in general language such as,
16 for example, “any person may commence a civil suit in his own behalf... to enjoin... an agency...
17 alleged to be in violation of this chapter. . . . 16 U.S.C.A. § 1540, explained in Bennett v. Spear,
18 520 U.S. 154, 117 S.Ct. 1154(1997). Another example is standing recognized in judicial
19 decision or common law.
20

21 Subsection (2) uses the term person “aggrieved or adversely affected”. This term is based
22 in part on the provisions of the federal A.P.A., 5 U.S.C. Section 702. These words have become
23 terms of art used to describe types of injury that were not recognized at common law. An
24 example of a person entitled to standing who is intended to be included under subsection (2) is a
25 competitor. These terms have also been used to recognize standing based on non-economic
26 values, such as aesthetic or environmental injuries.
27

28 **SECTION 507. EXHAUSTION OF ADMINISTRATIVE REMEDIES.**

29 (a) Subject to subsection (e) or a statute other than this [act] that provides that a person
30 need not exhaust their administrative remedies, a person may file a petition for judicial review
31 under this [act] only after exhausting all administrative remedies available within the agency

1 whose action is being challenged and within any other agency authorized to exercise
2 administrative review.

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

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

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

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

16 **Comment**

17
18 This section creates a default requirement of exhaustion, which is generally followed in
19 the states. However, the section creates several exceptions to the default rule. Subsection (b)
20 requires issue exhaustion in appeals from rulemaking for persons who did not participate in the
21 challenged rulemaking. It excuses persons seeking judicial review of a rule who were not parties
22 before the agency from the exhaustion requirement; but, if the issue that they seek to raise was
23 not raised and considered in the rulemaking proceeding that they challenge, then they must first
24 petition the agency to conduct another rulemaking to consider the issue. If the agency refuses to
25 do so or if the agency conducts a second rulemaking that is adverse to the petitioner on the issue
26 or issues raised in his petition for rulemaking, then the petitioner may seek judicial review.
27 Subsection (d) recognizes the judicially created exception to the exhaustion requirement where
28 agency relief would be inadequate or would result in irreparable harm. In some states courts
29 have held that irreparable harm that is a sufficient condition to excuse exhaustion exists only if it
30 outweighs the public interest in exhaustion. State courts are free under this section to engage in

1 that weighing test.
2

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

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

8 **Comment**
9

10 This section establishes a default closed record for judicial review of adjudication and
11 rulemaking. It is well established in most states and in federal administrative procedure that, in
12 case of adjudication, judicial review is based upon that evidence which was before the agency on
13 the record. Otherwise, the standards of judicial review could be subverted by the introduction of
14 additional evidence to the court that was not before the agency. See *Western States Petroleum*
15 *Ass'n v. Superior Court*, 888 P.2d 1268 (Cal. 1995). For rulemaking, the record for judicial
16 review is defined in Section 302 of this Act.
17

18 The section contains an exception to the closed record on review where petitioner alleges
19 error, such as ex parte contacts, that does not appear in or is not evident from the record. Other
20 examples of error that do not appear or are not evident from the record are: improper constitution
21 of the decision making body, grounds for disqualification of a decision maker, or unlawful
22 procedure. However, the standard for opening the record on appeal is high.
23

24 **SECTION 509. SCOPE OF REVIEW.**

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

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

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

30 **ALTERNATIVE 1**

31 [(3) The court may grant relief only if it determines that a person seeking judicial

1 review has been prejudiced by one or more of the following:

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

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

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

7 (D) an agency determination of fact is not supported by substantial
8 evidence considered in light of the entire record; or

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

11 **ALTERNATIVE 2**

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

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

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

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

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

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

6 (F) based upon a determination of fact clearly vested by a provision of
7 law in the discretion of the agency that is not supported by substantial evidence in the agency
8 record before the court when that record is viewed as a whole. For purposes of this
9 subparagraph, the following terms have the following meanings:

10 (i) “Substantial evidence” means the quantity and quality of
11 evidence that would be deemed sufficient by a neutral, detached, and reasonable person, to
12 establish the fact at issue when the consequences resulting from the establishment of that fact are
13 understood to be serious and of great importance.

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

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

22 (H) action other than a rule that is inconsistent with the agency’s prior
23 practice or precedents, unless the agency has stated credible reasons sufficient to indicate a fair

1 and rational basis for the inconsistency;

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

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

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

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

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

16 or

17 (N) otherwise unreasonable, arbitrary, capricious, or an abuse of
18 discretion.]

19 **END OF ALTERNATIVES**

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

23

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

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

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

25 **Comment**

26
27 Judicial review is essential and exists in all states. Subsections (a) (1) & (2) describe the
28 general burdens on the appellant and the approach under this Act. They are substantially similar
29 to the general scope of review provisions of the Federal APA, 5 U.S.C. Section 706.
30

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

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 agency for the
7 purpose of separating the adjudicatory function from the investigatory, prosecutorial, and policy-
8 making functions of agencies.

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

12 (d) The administrative law judges of the agencies to which this [act] applies shall
13 become 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) randomly, taking into account administrative law judge expertise, assign
18 administrative law judges in any case referred to the office;

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

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

22 (5) provide and coordinate continuing education programs and services for
23 administrative law judges and advise them of changes in the law relative to their duties;

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

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

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

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

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

9 (a) An administrative law judge:

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

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

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

15 (4) is subject to the code of conduct for administrative law judges;

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

20 (6) receive compensation provided by law;

21 (7) be subject to a reduction in force only in accordance with established [civil
22 service][merit system] procedure;

23 (8) [must devote full time to the duties of the position] [may not engage in the

1 practice of law unless serving as a part-time administrative law judge];

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

4 (10) is subject to administrative supervision by the chief administrative law
5 judge.

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

8 **Comment**

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

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

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

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

18 **SECTION 608. DECISION-MAKING AUTHORITY OF ADMINISTRATIVE**
19 **LAW JUDGES.**

20 (a) Unless the agency head elects to conduct the hearing, in which case the agency head
21 shall render a final decision under Section 417(a), in a contested case, an administrative law
22 judge shall be assigned to serve as the presiding officer. The administrative law judge shall
23 render the recommended [or final] decision of the agency in all adjudications in a contested case
24 except for disputed cases involving the following agencies:

1 (1) [List name of agency].

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

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

1 **[[ARTICLE 7]**

2 **RULES REVIEW**

3 **[NOTE:** A state may choose the legislative rule review process stated in this article.]
4

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

6 (a) There is created a joint standing [Rules Review Committee] of the Legislature
7 designated the [Rules Review 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.
16

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

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

20 (b) The [Rules Review Committee] shall examine final agency rules and shall review
21 newly adopted rules on an ongoing basis to determine whether the:

22 (1) rule is an invalid exercise of delegated legislative authority;

23 (2) statutory authority for the rule has expired or been repealed;

24 (3) rule is necessary to accomplish the apparent or expressed intent of the
25 specific statute that the rule implements;

26 (4) rule is a reasonable implementation of the law as it affects persons
27 particularly affected by the rule;

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

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

7 (d) The [Rules Review Committee]:

8 (1) shall maintain continuous oversight over agency rulemaking; and

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

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

11 (a) Within [60] days of receiving an adopted rule notice of a proposed rule from an
12 agency under Section 307, the [Rules Review Committee] may approve or disapprove of the rule
13 by committee resolution and, if the rule is disapproved, then the rule is suspended until the
14 legislature adopts a joint resolution sustaining the action of the committee or until adjournment
15 of the legislative session.

16 (b) In case of legislative disapproval or the offer of withdrawal or reconsideration an
17 agency within [] days in writing shall notify the [Rules Review Committee] and [publisher]
18 that the agency:

19 (1) withdraws the rule;

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

21 (3) refuses to amend or withdraw the rule.

22 (c) If the agency withdraws the rule, it shall give notice of withdrawal to the [publisher]
23 for publication in the [administrative bulletin] and shall notify the [Rules Review Committee] of

1 withdrawal in writing at the same time. The rule shall be withdrawn without public hearing.
2 Withdrawal is effective on the date of publication of the notice of withdrawal in the
3 [administrative bulletin].

4 (d) If the agency amends the rule to comply with the [Rules Review Committee]
5 objections, it shall make only the changes necessary to meet the objections, and shall resubmit
6 the rule, as amended, to the [Rules Review Committee]. The agency shall also give notice to the
7 [publisher] for publication in the [administrative bulletin] of the change made to comply with the
8 [Rules Review Committee] objection that shall include the text of the rule as changed and the
9 objection to which it is directed. The agency is not required to hold a public hearing on an
10 amendment made under this subsection.

11 (e) If the agency refuses to withdraw or amend the rule in response to the objection of
12 the [Rules Review Committee], the agency shall give notice of the refusal to the [Rules Review
13 Committee] and the [publisher] within [] days of receiving the [Rules Review Committee]
14 objection. If the agency fails to respond to the objection within [] days, or if an amendment that
15 an agency makes in response to [Rules Review Committee] objections in the opinion of the
16 [Rules Review Committee] does not correct the objection, the [Rules Review Committee]:

17 (1) may post notice of the detailed objections of the [Rules Review Committee]
18 to the rule in the [administrative bulletin] together with a reference to the location in the
19 [administrative bulletin] where the full text of the rule can be found. Posting notice of the
20 detailed objections shall place upon the agency the burden of proving, in any later action
21 challenging the legality of the rule or portion of the rule objected to by the [Rules Review
22 Committee], that the rule or portion of the rule objected to was not unreasonable, arbitrary,
23 capricious, not adopted in compliance with [Article] 3, or otherwise beyond the authority

1 delegated to the agency; and

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

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

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

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

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

17 **Comment**

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

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.